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WORLD NEWS

World Cup upset for Argentina

Football's World Cup opened in Italy with a surprise defeat for title holders Argentina.

They were beaten 1-0 by Cameroon even though the Africans' team was reduced to nine players.

Cameroon clinched victory in the 66th minute of the Milan match with a goal by François Omam-Biyik. Cameroon defenders Andrea Kana Biyik and Benjamin Massing were sent off for fouls.

The two countries are in Group B in the first round of the 24-nation tournament, with the Soviet Union and Romania. Italy dreams of keeping Cup, Page 2; Underdog's chance, Weekend FT, Page XXIV

Nato woos Moscow

Nato foreign ministers meeting in Turnberry, Scotland, clearly signalled to the Soviet Union that the western alliance is ready to join the Warsaw Pace in building a new, peaceful order in Europe.
Page 24

Shamir forms coalition

Israeli Prime Minister Yitzhak Shamir formed a strongly right-wing government. The deal, finally signed with right-wing and religious parties and independent MPs, calls for expanded Jewish settlement of the occupied territories.
Page 24

Mandela health fears

Nelson Mandela, 71-year-old Deputy President of the African National Congress, may have to curb his heavy foreign travel schedule to conserve his strength. After cancelling a Geneva meeting at short notice, he conceded he might have to trim a schedule covering 13 countries in six weeks.

Guilty of aiding IRA

Nicholas Mullen, 42, was jailed for 30 years at the Old Bailey in London for helping IRA terrorists prepare their 1988 bombing campaign on mainland Britain. A second man, Eamon Wadley, was acquitted.

First mate accused

Geoffrey Gregory, 52, first mate of the British tanker which spilt oil in New York harbour, was charged in the US with being drugged or drunk while operating the Nautilus, which ran aground on Thursday.
Page 3

Vet's car bombed

A caller claiming to represent an animal rights group said it planted a bomb which exploded under the car of a vet from the Chemical Defence Establishment at Porton Down, Wiltshire. Mrs Margaret Baskerville jumped to safety unhurt when the device blew up as she reversed her vehicle.

Peking students warned

A Chinese Communist Party official gave Peking University students a veiled warning that future campus unrest would be put down by police. Hundreds rallied last Sunday to mark the anniversary of last year's crackdown on the pro-democracy movement.

In Hong Kong, the mayor of Shanghai was heckled on arrival at the airport by students chanting: "China has buried the truth."

Ravenscraig jobs

British Steel chief executive Martin Llowarch said the company would not reconsider its decision to axe 770 jobs at the Ravenscraig works in Scotland. Scottish Secretary Malcolm Rifkind said: "We are still hoping to persuade British Steel to change their mind."

AIDS theory changes

Professor Luc Montagnier, co-discoverer of HIV, believes people infected with the virus may not develop AIDS unless they are also exposed to bacterial infections.

Wet Test

Only 24 minutes' play were possible on the second day of the New Zealand-England Test. New Zealand were 189 for six.

BUSINESS SUMMARY

Kumagai Gumi to focus on home market

Kumagai Gumi of Japan, one of the world's largest construction companies, is to sell Y1,125bn (£4.35bn) of its overseas properties in the next five years, including developments in the UK, Australia, and the US.

The company said proceeds would be reinvested in other developments. It has previously indicated foreign projects would fall as a percentage of sales because margins are better in the domestic market.
Page 24; Lex, Page 24

JAPAN welcomed the liberalisation of technology exports to the Soviet Union and eastern Europe but will tighten its monitoring of sensitive technology still on the prohibited-export list. Page 3

BANK OF CREDIT and Commerce International has been accused by the Inland Revenue of filing incorrect returns for composite rate tax, payable on the interest-bearing accounts of depositors resident in the UK. Page 3

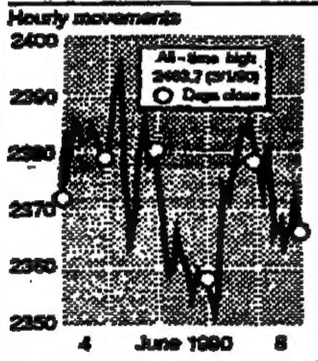
ATTWOODS, waste disposal company which has much of its business in the US, is making an £82m cash call on shareholders to eliminate its debt burden. Page 10;
Lex, Page 24

JAPANESE Government's Y66,236bn (£261bn) budget for the current fiscal year, the first without a deficit in 15 years, has been enacted despite its anticipated rejection by the upper house of the Diet (parliament). Page 3

LONDON STOCKS: The FT-SE Index drifted down by 4.8 points this week as Wall Street's rise has slowed down and the London market has faced some poor corporate results and receivership announcements. It finished up 19.9 on Friday at 2,378.4. London Stock Exchange, Page 15; Lex, Page 24

FT-SE 100 Index

Hourly movements



CYPRESS SEMICONDUCTOR, US chip maker, has signed a letter of intent to license semiconductor technology from the Soviet Union, in what is believed to be the first agreement of its kind. Page 12

GENERAL MOTORS, US vehicle manufacturer, is to transfer some car assembly from West Germany to the Saab car plant in Finland to cut some of Saab's mounting losses. Page 12

POLAND: Sales in key sectors in Poland, including the chemical, machine and light industries, grew last month for the first time since the introduction of an anti-inflation programme which produced an overall 30 per cent recession in the economy. Page 2

DAF, Dutch commercial vehicle maker, is expanding United Bus, its majority-owned bus and coach subsidiary, with the takeover of Den Oudsten, a Dutch bus body builder. Page 12

BRITISH COAL and Scottish Power, formerly the South of Scotland Electricity Board, proposed an agreement to end their long-running dispute over coal supplies to power stations. Page 3

BRITISH GAS: Gas Consumers Council called for lower prices for domestic and small business consumers from British Gas. Page 3

Russians issue formidable challenge to Soviet leaders

By Quentin Peel in Moscow

THE PARLIAMENT of the Russian federation, the heart of the Soviet Union, yesterday threw down the most formidable challenge yet to the power of President Mikhail Gorbachev and the central government by declaring its laws and constitution superior to Soviet laws.

The extraordinary move by a clear majority in the Russian congress of deputies, presided over by Mr Boris Yeltsin, Mr Gorbachev's greatest personal rival for power, presents the Soviet president with a constitutional dilemma potentially more intractable than the attempted secession of the Baltic republics.

Mr Gorbachev reacted last night with a plea for national unity and a call on the Russian population to remember their history and traditions, rejecting any confrontation with other nationalities.

"Russians will not tolerate a situation where someone would try and push them towards confrontation," he said. At the same time the Soviet president called for a "national consensus" to agree on the country's ever more urgent economic reforms; held out a cautious olive branch to Mr Yeltsin; and appeared to distance himself from the unpopular economic reform plans tabled by Mr Nikolai Ryzhkov, his own prime minister.

Speculation is rife in the Soviet capital that Mr Gorbachev will move to replace Mr Ryzhkov in the foreseeable future, with an alternative prime minister heading a government of national consensus committed to pushing through more radical economic reform.

Yesterday, however, he neither firmly endorsed nor clearly dismissed the Ryzhkov reform package, which seeks to raise basic food and energy prices across the board, as the first step in the transition to a market economy.

The immediate challenge to the Soviet leader comes from the Russian congress of deputies which voted by 544 to 271 in favour of a declaration proclaiming "the supremacy of the constitution of the Russian federation and laws of the Russian federation of the whole of its territory."

The statement is the fundamental article of a longer declaration on the state sovereignty of the Russian federation, a composite motion agreed by a coalition of forces in the new parliament to assert its authority over the central government. The rest of the declaration, including a call for "full command of Russia's natural wealth" and the right to open its own embassies in foreign countries, will be debated next week.

The entire relationship between the 15 Soviet republics will be debated today at a full meeting of the President's federation council.

Almost all the republics now have newly-elected parliaments, determined to wrest more power from Moscow, whether outright independence or simply far greater legal and budgetary autonomy.

The other important challenge for Mr Gorbachev is to maintain the pace of his economic reforms towards a market economy – which he reiterated yesterday was an irreversible move – without arousing a furious public backlash.

Gorbachev warned over Kirghizia, Page 2

Mrs Thatcher with Red Army officers during a ceremony at the Tomb of the Unknown Soldier in Moscow

Gorbachev to seek new Nato relationship

By Philip Stephens and Quentin Peel

MR MIKHAIL Gorbachev, the Soviet President, yesterday signalled that he was seeking a "new relationship" between the North Atlantic Treaty Organisation and the Warsaw Pact to guarantee his country's security once the two Germanys are united.

Speaking after talks in Moscow with Mrs Margaret Thatcher, the British Prime Minister, Mr Gorbachev appeared optimistic that the sharp east/west differences over German membership of Nato would eventually be resolved. His comments came as British officials said that the two leaders had discussed the possibility of a joint Nato/Warsaw Pact declaration to accompany German unification.

The form of any such declaration was still uncertain but the officials indicated that it could prove a useful addition to the confidence-building measures already under discussion.

In a joint press conference after several hours of talks, Mr Gorbachev and Mrs Thatcher indicated that the German issue – which dominated the summit in Washington last week – remained the Soviet leader's main foreign policy pre-occupation. In spite of the clear differences in their respective views on Germany and on the future role of the two military blocs, they appeared keen to make clear that progress was being made.

British officials said the issue of the Anglo-US agreement on the transfer of nuclear weapons technology – which Mr Gorbachev suggested in Washington would be a sticking point in future arms control talks – was raised only briefly. Mrs Thatcher had explained unprompted that the replacement of Britain's Polaris system by Trident would still leave Britain only with a minimum acceptable deterrent.

Mrs Thatcher's visit, which Continued on Page 24

Leaders as near, and far apart, as ever, Page 2; Nato foreign ministers meeting, Page 24

Collapsed investment firm was inspected

By Richard Waters

THE RECORDS of Dunsdale, the UK investment firm which collapsed earlier this week owing investors £17m, had been inspected by regulators during the last year without any hint of a problem coming to light.

It also emerged that the firm was licensed as long ago as July 1977 by the Department of Trade and Industry as a licensed dealer in securities and first took investments 17 years ago. Its sole director is Mr Robert Miller, who is the subject of a police arrest warrant.

The actions of the regulators are called into question by the fact that Dunsdale's liquidators have been unable to find any trace of the UK government securities (gilts) in which most investors' money was said to be invested. The Bank of England has also been unable to find any record of gilts in Dunsdale's name.

The inspection of Dunsdale's records was carried out by the Financial Intermediaries Managers and Brokers Regulatory Association (Fimbra), which first authorised the firm in July 1988. The body carries out regular compliance visits of firms which, like Dunsdale, carry the highest level of authorisation allowing them to hold investors' money.

Fimbra said yesterday: "We are not a police force. We are not bloodhounds. Clearly, in the terms of what was presented to us, it was in compliance with our rules."

The association, which regulates more than 1,000 mainly small financial intermediaries, said that it had a successful record of identifying problems at member firms and had suspended many in the last two years.

The DTI's involvement is likely to lead to further questions about its effectiveness as a financial services regulator, which has already suffered in recent months from criticism over its actions in licensing Barlow Clowes, the investment firm which collapsed two years ago.

The department said it first licensed Dunsdale in November 1977 and that the firm was still authorised in 1987, although it has not yet been able to establish whether it was on the DTI's books throughout this period.

No further evidence came to light about the whereabouts of Mr Miller yesterday.

Background, Page 4

Weekend FT

CALIFORNIA GREENING
Lionel Barber wonders if California, the Golden State, is going green or going crazy
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The new carrot from National Savings
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Anthony Curtis on the spell cast by the writers of children's books

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Tom Fort gets his line caught in Czechoslovakia's red tape
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Malta in focus
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Gardening
Robin Lane Fox on the perfect foil for roses
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Wandsworth withdraws 4,800 community charge summonses

By Jimmy Burns and Robert Rice

A GROWING number of UK local authorities are delaying court action against non-payers of the community charge, or poll tax, because of legal and administrative problems.

Conservative-controlled Wandsworth council in south-west London yesterday withdrew 4,800 summonses after accepting that some could be invalid and following objections from court officials. There is concern at the ability of courts to deal with the large numbers of summonses.

Wandsworth is the third council in less than a week to announce it was issuing summonses and then withdraw them. Medina council on the Isle of Wight and South Tyneside council in north-east England have between them withdrawn more than 5,000 summonses for non-payment.

Mr Ian Fowler, Clerk to the Justices for the inner London magistrates court, said the courts were contacting other councils in inner London, most of which had indicated they did not expect to issue summonses before September. It was possible that by then the courts would be able to deal with greater numbers each day, he said.

Under the old rating system it was possible to deal with large numbers of summonses for non-payment each day because few defendants attended court. Mr Fowler said: "In the early days of the poll tax, clearly it is not going to be so straightforward."

Earlier this month, many defendants appeared in court on the Isle of Wight to contest summonses issued by Medina council. The proceedings were stopped and summonses withdrawn because some defendants had not been given sufficient time to pay. Medina has withdrawn 1,800 summonses and is issuing further reminders before taking any further legal action.

Both Wandsworth and South Tyneside councils have said they fear their own legal action could be frustrated on the same grounds. Wandsworth said yesterday that "it has transpired that some summonses were issued without the 14-day notice," and that it had therefore decided to withdraw the summonses to "avoid further complications."

The council said that in talks with police and court officials "concern was expressed that such large numbers (of summonses) would cause administrative problems."

Wandsworth, which set England's lowest rate of poll tax at £148, has been targeted by anti-poll tax campaigners. Miss Margaret Noon, chief clerk of South Western magistrates court, where the summonses were due to be heard, said the decision to withdraw summonses was based partly on fears over public order.

In the Isle of Wight, Mr Peter Greenwood, the revenue manager of Medina council, said yesterday that councils were learning to check that every possible legal loophole was taken into consideration in the face of a "highly professional" campaign by the Anti-Poll Tax Federation.

MARKETS

STERLING
New York lunchtime:
$1.8830
London:
$1.8845 (1.8890)
DM2.8575 (2.8550)
FFr9.6275 (same)
SFr2.4400 (2.430)
Y258.50 (257.75)
£ index 89.5 (same)

GOLD
New York: Comex Aug
$359.2 (358.1)
London:
$354.75 (353.25)

N SEA OIL (Argus)
Brent 15-day
$15.575 (15.875)

Chief price changes yesterday Page 24

DOLLAR
New York lunchtime:
DM1.6978
FFr5.7145
SFr1.4485
Y153.4465
London:
DM1.6970 (1.6910)
FFr5.7150 (5.70)
SFr1.4480 (1.4385)
Y153.45 (Y152.55)
$ index 67.9 (67.6)
Tokyo close: Y152.65

US LUNCHTIME RATES
Fed Funds $8\frac{1}{4}$%
3-mo Treasury Bills:
yield: 7.96%
Long Bond:
$103\frac{1}{32}$
yield: 8.44%

STOCK INDICES
FT-SE 100:
2,378.4 (+19.9)
FT Ordinary:
1,904.0 (+23.0)
FT-A All-Share:
1166.01 (−0.4%)
New York lunchtime:
DJ Ind. Av.
2,869.90 (−27.43)
S&P Comp
360.81 (−1.35)
Tokyo: Nikkei
32,993.29 (−199.21)

LONDON MONEY
3-month interbank:
closing $15\frac{1}{32}$ ($15\frac{1}{16}$)
Liffe long gilt future:
Sep $83\frac{1}{32}$ ($83\frac{3}{32}$)

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Gorbachev warned of slide into civil war in Kirghizia

By Leyla Boulton in Moscow

THE Soviet republic of Uzbekistan yesterday appealed to President Mikhail Gorbachev for help in preventing a full-blown conflict with neighbouring Kirghizia.

Uzbek president Islam Karimov, declaring a state of emergency in the Andizhan border area, warned Moscow that tensions along the frontier with Kirghizia could erupt, bringing more bloodshed.

"There is a real danger of the events in the Osh region degenerating into a conflict between the two republics," he said in a telegram to the Soviet president.

Fighting, which started on Monday over land allocation in the Kirghiz town of Osh and spread into a wider campaign for national autonomy, has left at least 78 people dead, according to one estimate by the official Soviet news agency Tass. A Soviet Interior Ministry spokesman said the death toll could be much higher but gave no figures.

Osh, close to the border with Uzbekistan, is populated mainly by Uzbeks but is part of Kirghizia. This discrepancy, fuelling frustrated nationalism on both sides, has combined with miserable living standards to provoke the first violence in decades between the two ethnic groups.

Hundreds of Soviet Interior Ministry and army troops are deployed along the border to try to prevent armed Uzbeks from crossing into Kirghizia to reinforce their compatriots.

Meanwhile, in the Kirghiz capital, Frunze, hundreds of people gathered yesterday for a 40-minute prayer meeting to commemorate the dead. But the city was reported calm after students went on the rampage on Thursday to express support for Osh's Kirghiz minority.

Meanwhile, the presidents of the Soviet Union's 15 constituent republics were expected to meet in Moscow today at the invitation of Mr Gorbachev. Mr Vadim Bakatin, the Soviet Interior Minister, has suggested that a meeting of republic leaders could adopt a joint declaration on the need to protect ethnic minorities.

Mr Bakatin has also called for an urgent redrafting of the union treaty which binds the country. Mr Dmitry Seleznyov of the Soviet Interior Ministry said redrawing ill-conceived borders, such as those around Osh, would be one way a new treaty could calm ethnic tensions.

Soviet Union shuts Lithuania N-plant

By Hilary Barnes in Copenhagen

MOSCOW has stepped up pressure on Lithuania by closing the country's Igalina nuclear power plant, Mr Algirdas Saudargas, Lithuania's Foreign Minister, said in Copenhagen yesterday. He did not know how long the closure would last, he added.

The foreign ministers of all three Baltic states, meanwhile, filed a joint application to be observers at the CSCE (Conference on Security and Co-operation in Europe) talks taking place in the Danish capital.

But members of the Soviet delegation said yesterday that Moscow would oppose observer status for the Baltic states, and as the CSCE is a consensus process, it can veto the Baltic request.

At a news conference in the CSCE conference centre, where the three Baltic ministers were guests of the US delegation, Mr Saudargas said the economic war of a big country against a small one was "a matter of human rights.

"Lithuania is on the edge of a disaster," he declared. One other (non-nuclear) power station was still working, but it only had fuel for two more weeks, and coal supplies were being stopped at the Polish border.

Petrol supplies were running low and there was only enough for two more weeks for ambulances and food distribution. Western caution on supporting their struggle for independence, on the grounds that it could cause problems for Mr Mikhail Gorbachev, the Soviet leader, was misplaced. "Mr Gorbachev is finished," the Estonian foreign minister, Mr Lennart Meri, said.

East German minister opposes joining Nato

By Edward Mortimer in Stockholm

EAST Germany's Foreign Minister, Mr Markus Meckel, yesterday backed Soviet opposition to membership of Nato by a united Germany.

Fresh from the Warsaw Pact summit in Moscow, Mr Meckel told the conference of the Institute for East/West Security Studies meeting in Stockholm that his country was deeply worried whether the proposed changes in Nato would represent a truly new approach.

Mr Meckel, a Protestant pastor who described himself jokingly as "a peacenik voice", told his audience of defence specialists: "The revolution in the GDR has not been made in order to bring our country into the western military treaty organisation.

"We are not willing to agree to a military situation in which our friends in Poland and Czechoslovakia would face the forward defences of Nato at their western borders."

Mr Meckel suggested the creation of a "security zone" linking those two countries with the united Germany. He recalled that Nato in its Harmel report of 1967 had "articulated the political goal to transfer the Atlantic alliance into a European peace settlement", and suggested that it was "now high time to live up to this objective". This could be done by institutionalising the Helsinki process.

Mr Meckel, who leads the minority Social Democrat Party within the governing coalition, also opposed holding all-German elections in December or January, as urged by West Germany's Chancellor.

Leaders as near, and far apart, as ever

By Philip Stephens, Political Editor

THE personal rapport seems as strong as ever.

After their seventh encounter since 1984, Mrs Margaret Thatcher was as keen as ever to heap praise on President Mikhail Gorbachev.

Her enthusiasm was infectious. As the beleaguered Soviet leader joined her in one of his rare appearances at a Moscow press conference, he spoke of a "vigorous, meaningful and effective dialogue".

But if the warmth was striking, so too were the underlying differences. The clearly genuine compliments did little to disguise the gulf that remains between them on the issue which dominated their talks – German unification.

There were signs of movement. The possibility of some form of Nato/Warsaw Pact declaration has been added to the list of options designed to meet Soviet anxieties about the inclusion of a united Germany in the Nato alliance.

Mr Gorbachev stuck to his formal position that Germany should remain outside the western alliance but his tone was of a man ready to compromise. "I am sure that we can come up with an option," he said at one point.

For her part, the UK Prime Minister was insistent that she was as anxious as anyone to ensure that the Soviet leader's anxieties were assuaged.

Mrs Thatcher indicated again that she is now ready to talk about a political dimension for Nato in the structure of the new Europe. That would be accompanied by a more formal, regular framework for East-West consultations within the 35-nation Conference on Security and Co-operation within Europe. German membership of Nato should be put into the broad context of greatly enhanced co-operation between East and West.

As British officials signalled that Mrs Thatcher was showing a new flexibility, however, the joint press conference served to highlight the fundamental differences.

Despite the change in her tone over the past few days, the Prime Minister made it clear that a strong, nuclear-armed Nato must remain as the central pillar of the west's – and Britain's – security. The world, as she put it, might be a more truthful, trustful, confident place, but the peace would be kept only if the west retained strong, secure defences.

The contrast with Mr Gorbachev's vision of a new pan-European security structure could hardly have been more striking. For Mrs Thatcher, a political role for Nato would be something grafted on to its existing military structure. For Mr Gorbachev, a transformation of the Warsaw Pact and Nato into essentially political organisations would be the precursor to their eventual merger or extinction.

Perhaps because of his more pressing domestic preoccupations, Mr Gorbachev appeared keen not to emphasise the differences. In the nearest he came to direct criticism, he said that Mrs Thatcher had a more "cautious" approach.

Perhaps also, however, he sensed something intangible but inescapable – that even if Mrs Thatcher will always ensure that her voice is heard, the final decisions on the shape of the new Europe will be taken in Washington and Bonn.

Italy dreams of keeping the Cup

By John Wyles in Rome

ITALY is not without its wags but whoever put Schubert's "Unfinished Symphony" on the programme for the eve-of-World Cup concert at Milan's La Scala had clearly scored an own goal by first kick-off time last evening.

It could so easily have been the theme music for the 28-day soccer orgy, but in a final frenzied burst the dressing rooms at the Olympic Stadium in Rome were completed earlier this week in time for this evening's match between Italy and Austria. Sadly, the 42,000 sq m of PVC covering in Rome were discovered on Wednesday to have the waterproofing powers of a colander, but technicians insist that either they or a spell of dry weather will resolve the problem.

Fortunately, the rain held off in Milan yesterday, when a full house at San Siro stadium was treated to an opening ceremony displaying the best of the Italian cultural repertoire, from designer-clothed models to that classic choral instigator of goose pimples, Verdi's Va Pensiero.

Mr Carlos Menem, the Argentine President, was among the four heads of state present, but he had come to support the national team in its first defence of the cup against Cameroon and not, as some maintained, to request a balance of payments loan from its extraordinarily wealthy captain, Diego Maradona.

Despite hosting the opening game, Milan is by all accounts resolutely resistant to World Cup fever. There is apparently less money to be made from the event than the Lombards had hoped.

Nevertheless, that part of Italy which cares about football, which is conservatively estimated to be everyone but the mayor of Cagliari, has now started to dream that their team will walk away with the trophy on July 8.

"We have the best players and we are at the crossroads of international football," said a radio commentator with restrained understatement yesterday.

At the end of a week which has seen the imprisonment in Sardinia for 20 days of three Britons who sought to improve their hotel room by tearing it apart, and the repatriation of Britain's hooligan-in-chief, Mr Paul Scarrott, the British campaign for a temperance tournament appears to be paying off. The prefect of Milan has banned the sale of alcohol in broad swathes of the city on match days, and it appears that Cagliari, where the English team makes its debut against Ireland on Monday, will also be dry.

Something ominous, however, is stirring in the Italian undergrowth: a Belgian lorry driver was beaten up on Thursday in Latina, 35 miles from Rome, because his aggressors thought he was English.

Man in the News, Page 8

Fans leave Cagliari airport on the way to watch England's World Cup matches in Sardinia

Prague plans mass sale of state industry

By John Lloyd in Prague

CZECHOSLOVAKIA yesterday completed drafting a law for the mass sale of state industries to its citizens through a unique voucher system.

Mr Vaclav Klaus, the Finance Minister, said yesterday: "What we have in mind is the rapid denationalisation of state companies. This must be done very soon. It will be a wholesale privatisation – we don't have time to privatise two or three a year, as in western countries."

The plan, the brainchild of Dr Dusan Triska, head of the Privatisation Department of the Finance Ministry, would give every Czechoslovak citizen a voucher worth a certain number of units. When, later this year, the state enterprises are transformed into joint stock companies, their shares will be offered not in terms of a monetary value, but in voucher units.

The "price" of the shares will find their market level according to the number of citizens prepared to exchange their vouchers against them – the process also acting as a crude valuation of the companies. Thus, for example, shares in the motor group Skoda, now the subject of close investigation by such foreign companies as Volkswagen and Toyota, might command a price of 20,000 units a share – while a bulk chemicals plant might only be sellable at 1,000 units.

It will be illegal to sell the vouchers for cash, though Dr Triska admitted a black market might spring up – "though we are not too worried by that."

After an as yet undefined period, the rest of the shares would be sellable for Czech crowns and hard currency to Czechoslovaks or foreigners – perhaps with a limit set on the proportion to be owned by foreign companies. Already, however, foreign companies can form joint ventures with Czechoslovak enterprises, with a majority of the shares.

Dr Triska, like Mr Klaus an enthusiast for "the hidden hand of the market as against the all-too-visible hand of state regulation", said the scheme would force the development of institutions like a stock market and brokers.

His plan, considered brilliant but dangerous by some ministers, has won a grudging approval from the Czech and Slovak finance ministries to be at least discussed. It will be considered at the last meeting of the present government on Thursday. As to whether it passes without substantial amendment, however, much depends, on the composition of the new parliament after today's elections

Interest rates in Mexico fall to a lowly 32%

By Richard Johns in Mexico City

MEXICAN interest rates this week fell to their lowest level since the financial crisis of 1982, in spite of inflation well above official projections.

At this week's auction of 28-day Cetes, or Treasury bills, the rate fell another 0.64 points to 32.43 per cent. It was the 11th successive weekly decline since Mexico's accord with the commercial banks on a restructuring and reduction of $47bn of debt was concluded on March 28.

A further boost to confidence was given by the announcement last week of the Government's agreement with the private sector and the labour movement on an extension from August 1 to the end of January 1991 of the anti-inflationary stabilisation programme, known as the Pact for Economic Solidarity and Growth.

Make or break for Meech Lake

By Bernard Simon in Toronto

MARATHON talks on Canada's constitutional future were coming to an acrimonious head yesterday after Quebec refused to take any further part in a key element of the negotiations aimed at rescuing the floundering Meech Lake accord.

Prime Minister Brian Mulroney met leaders of all 10 provinces in Ottawa for the sixth consecutive day, in what was likely to be a make-or-break session on the differences between Quebec and two dissident provinces, Manitoba and Newfoundland, over the Meech Lake package of constitutional reforms.

Quebec premier Robert Bourassa drew a firm line in the search for a compromise late on Thursday evening by announcing tersely that he would not participate in any further discussions on the Meech Lake clause which recognises the francophone province as a "distinct society" and gives it the right to "preserve and promote" its unique position within Canada.

Mr Bourassa, whose position is generally supported by Mr Mulroney and seven of the other provincial premiers, is under intense pressure from Quebec nationalists to brook no dilution of the "distinct society" provision.

Mr Bourassa is under intense pressure from Quebec nationalists to brook no dilution of the "distinct society" provision.

With time running short before the expiry of the accord on June 23, Mr Bourassa's intervention has added urgency to the discussions and greatly fuelled tensions among the participants.

The Meech accord, originally drawn up in 1987, must be ratified by all 10 provinces to take effect. Seven have so far approved it and New Brunswick indicated this week that it was ready to join the majority.

As they entered yesterday's meeting, several premiers blamed Manitoba's Mr Gary Filmon for precipitating Mr Bourassa's statement, at a time when a near-complete agreement to end the Meech Lake deadlock was in sight.

Mr Filmon heads a minority government in the province and has closely consulted the other two party leaders throughout the past week. Like other Meech Lake critics, all three Manitoba leaders want a watertight assurance that the "distinct society" clause will not override individual rights enshrined in the 1982 constitution.

Despite the heightened tensions, several premiers and their advisers continued to express optimism yesterday that an agreement could be stitched back together.

NEWS IN BRIEF

Sales in Poland start to recover

By Christopher Bobinski in Warsaw

SALES in several key sectors in Poland, including the chemical, machine and light industries, grew last month for the first time since the introduction on January 1 of an anti-inflation programme which produced an overall 30 per cent recession in the economy.

According to figures issued yesterday by GUS, the Government's statistical office, hard currency imports, which are 28 per cent down on the first five months last year, also grew in May by 25 per cent from April.

With hard currency exports after five months worth $3.8bn (£2.3bn) and growing by 12 per cent, Poland, according to GUS, continues to show a record $1.6bn trade surplus for the period.

Keep sanctions, says Mandela

Mr Nelson Mandela yesterday urged the world community to maintain sanctions against Pretoria until apartheid was eliminated and South Africa was no longer regarded as "the skunk of the world", Reuter reports from Geneva.

President F.W. de Klerk's decision to lift a state of emergency in most of South Africa was not enough, he told a Geneva meeting of the International Labour Organisation.

FBI arrests US spy suspect

The FBI has arrested a former US Army sergeant for alleged espionage while stationed in West Germany, and has said he was part of a spy ring that passed Nato defence plans to the Warsaw Pact for nearly two decades, Reuter reports from Washington.

It alleged Roderick James Ramsay, 28, gathered or passed top secret Nato military information to Hungary and Czechoslovakia.

Rocket launched

The US Air Force yesterday launched its second unmanned Titan 4 rocket, which civilian experts believe is carrying a satellite to spy on military communications in the Soviet Union, Reuter reports from Cape Canaveral, Florida.

Liberia 'victory'

The Liberian Government said yesterday its troops recaptured from rebels the headquarters of the rubber plantation from which the international airport can be controlled, AP reports from Monrovia.

Costa Rica deal

Costa Rican President Rafael Angel Calderon said on Thursday his Government had signed a letter of intent with the IMF, paving the way for negotiations for loans over the next two years totalling $103m, Reuter reports from San José.

Dumping move

The European Commission has imposed an extra duty on imports of the bleaching agent potassium permanganate from the Soviet Union after an anti-dumping investigation, Reuter reports from Brussels.

INTERNATIONAL NEWS

Global warming action plan in autumn

By David Thomas in Geneva

A PLAN of action to tackle global warming will be put before governments in the autumn, an international meeting decided yesterday.

The UN-backed Intergovernmental Panel on Climate Change, meeting on Geneva, agreed to include recommendations for action in its final report, which will be considered at a worldwide ministerial conference in November.

Delegates from about 50 countries agreed to put a string of recommendations to the conference, including a call for governments to "take steps now to attempt to limit, stabilise, or reduce the emissions of energy-related greenhouse gases".

The meeting identified measures which could be taken in the short term, such as use of economic instruments like carbon taxes, as well as longer-term strategies including increased use of energy sources other than coal and oil.

The way is now clear for negotiations on an international global warming convention this year or early next, delegates said. Officials in Geneva believe work on identifying the costs and consequences of curbing greenhouse gas emissions must be accelerated. But the Geneva meeting was also marked by a bruising attempt by big oil producing and consuming countries, led by Saudi Arabia, to weaken the final report.

The Soviet Union, China and Saudi Arabia were for the first time warning about costs of tackling global warming. Previously, the US had appeared isolated on this.

"If we stabilise [greenhouse gas] emissions, that means for China we cannot develop the economy," said Luo Jibin, leader of the Chinese delegation.

Countries at Geneva regarded this participation from a wider world spread as an important development. "We have begun to have a much better understanding of the problems facing some countries," said Mr Fred Bernthal of the US National Science Foundation, who chaired the meeting.

Environmental organisations yesterday condemned the compromises in the final report at Geneva as "a depressing setback". Mr Paul Hohnen of Greenpeace said: "Just when the signs on global warming and its implications have become firmer, the political resolve to take appropriate action has weakened in some quarters."

Environmental organisations and EC officials expressed disappointment yesterday at European environment ministers' failure to agree action to curb global warming, writes Lucy Kellaway.

Their meeting, which ended late on Thursday night, exposed more clearly than before differences about their ability to stabilise and reduce emissions of carbon dioxide.

Officials in Brussels said it seemed unlikely the EC at the next meeting in October would be able to agree a single date for stabilising emissions. Such a failure would be seen as "weakening" the EC position at the world conference on climate change in Geneva in November.

Mr Chris Patten, UK Environment Secretary, argued for a new approach, where each member state would agree its own measures to control emissions. The Commission had proposed all nations should stabilise emissions at the present level by the year 2000.

First mate charged over New York oil spill

By Roderick Oram in New York

MR JEFFREY Gregory, the first mate of a British-registered tanker which spilt 260,000 gallons of heavy oil into New York harbour on Thursday, has been charged with performing his duties under the influence of alcohol or drugs.

The BT Nautilus, an 811ft tanker owned by BT Shipping of Bermuda, ran aground while it was docking early on Thursday morning.

It hit rocks marked on charts of the Kill van Kull Waterway between Staten Island and New Jersey.

The oil, part of its 14.7m gallon cargo of Cameroon oil, spilled through a 30-ft gash in its hull.

The US Coast Guard said Mr Gregory, who is British, was standing in the bow as a spotter for the captain and docking pilot who were on the tanker's bridge.

Mr Gregory was being made "a scapegoat ... for this unfortunate incident," his lawyer said.

The spill is the second-largest in New York harbour after the 570,000-gallon leak from an Exxon pipeline in January.

The heavy oil was quickly contained and the clean-up continued yesterday with the help of more than 250 people, three skimmer boats and other equipment.

Rainforests 'vanishing at two acres a second'

By Peter Riddell, US Editor, in Washington

THE world's tropical rain forests, which have a key role in influencing climatic conditions, are disappearing more quickly than was thought, according to an international study.

Between 40m and 50m acres of tropical forest are being lost each year – about two acres a second – as trees are cut for timber and development. This compares with a previous estimate of an annual loss of 28m acres. There are still around 1.9bn acres of such forests.

The new projection comes in a report prepared by the Washington-based World Resources Institute in collaboration with the UN. Information has been collected from satellite and ground sensors, with reports from individual governments.

The largest increases in losses of forest have been in Brazil (though the rate of deforestation declined in 1988 from previous peak levels), India, Indonesia, Burma, Vietnam, Thailand, the Philippines and Costa Rica. For these countries, the total estimated annual losses are four times as large as in the first half of the 1980s.

The report also states that the US, the Soviet Union, Brazil, China, India and Japan are the biggest sources of gas emissions contributing to global warming.

Diet clash likely over budget

By Ian Rodger in Tokyo

THE Japanese Government's Y66,236bn (£251bn) budget for the current fiscal year, the first without a deficit in 15 years, has been enacted despite its anticipated rejection by the upper house of the Diet (parliament).

Under the Japanese constitution, the will of the lower house prevails on budgets. The ruling Liberal Democratic Party (LDP) lost its majority in the upper house in last July's elections, and the opposition parties all opposed the budget because it did not contain measures to withdraw the unpopular 3 per cent consumption tax introduced last year.

Debate on two consumption tax-related bills will now get under way. The LDP has proposed exempting foods and some other essential items from the tax while the opposition parties' bill would abolish it.

Neither bill is expected to pass, and the prospects of a compromise being reached are considered minimal.

Tokyo under new pressure to open its rice markets

By Robert Thomson in Tokyo

JAPAN is under renewed pressure to open its rice market, after growing confidence that a dispute between the US and European Community has made agricultural reform unlikely during the present round of multilateral trade negotiations.

Mr Gareth Evans, the Australian Foreign Affairs and Trade Minister, said in Tokyo yesterday that Japan "simply cannot hide under the table while the US and EC are shelling each other over agriculture".

Meanwhile, Mr Michael Armacost, US ambassador to Japan, told a meeting of parliamentary vice-ministers that the rice issue must be settled in the present Uruguay Round of negotiations in the General Agreement on Tariffs and Trade (Gatt).

He indicated that Tokyo could not continue to claim that the market should remain closed for "food security" reasons, and that if an exception is made for Japan on the rice issue, "international rules won't work".

In the next week, Japan plans to intensify its campaign against liberalisation, with ex-agriculture ministers heading delegations to Europe and the US in an attempt to convince foreign leaders that rice should be exempted from negotiations on agricultural reform.

But Mr Evans, addressing Japanese business leaders, said that the agricultural negotiations were "the key to a successful outcome" of the Uruguay Round this year, and Japan must be more flexible on the rice issue.

"For Japan, that means recognising that 'food security' should not, in this day and age, and bearing in mind the interests of consumers, be the only consideration that counts," he said.

"Japan's position, not only as a negotiating country, but as a key participant in the Houston Summit next month, provides it with an important opportunity to ensure that momentum is maintained in Uruguay Round negotiations."

Move to tighten high-technology monitoring

JAPAN yesterday welcomed the liberalisation of technology exports to the Soviet Union and eastern Europe, but will tighten its monitoring of sensitive technology still on the prohibited-export list, Robert Thomson reports from Tokyo.

A government official said Japan opposed further relaxation of technology exports to the Soviet Union, until a bilateral territorial dispute was solved and Moscow cut its military presence in north Asia.

Liberalisation by CoCom, the Co-ordinating Committee for Multilateral Export Controls, reflected Japanese proposals and indicated Tokyo had increased its influence in the organisation, he added.

A formal change in Japan's export restrictions would take three or four months, but, meanwhile, Miti would approve export licences for the computer equipment affected by the relaxation.

"We will soon strengthen the inspection system for other high-technology items. But we will introduce our own Miti system of monitoring."

A Japanese son rises in the West

The favourite to become Peru's next president is one of a growing number of successful descendants of Japanese emigrants, reports Michiyo Nakamoto

THE rising political fortunes of Mr Alberto Fujimori, still the narrow favourite to win Peru's presidential election tomorrow, sheds light on a little-known aspect of modern Japanese history – the Japanese diaspora.

Mr Fujimori is the son of Japanese immigrants to Peru and one of a growing number of second and third-generation Japanese who have won fortune or fame or both in the chosen land of their ancestors. Tomorrow he contests a second-round run-off against Mr Mario Vargas Llosa.

Japan's recent rise to economic superpower status has tended to mask a history of poverty and miserable living conditions in the early part of the century which led nearly 800,000 Japanese to emigrate in search of a better life.

The outflow of Japanese began in the latter part of the 19th century after the country was re-opened to the west, and continued well into the 20th century. Most of those who left Japan were impoverished farmers who crossed the Pacific to work on sugar plantations in Hawaii or as farmhands on the west coast of the US, particularly California.

The favoured promised land for Japanese immigrants even after World War II was clearly the US, where an estimated 130,000-140,000 emigrated in the post-war years.

But many Japanese immigrants also found their way to South America, where they worked on coffee plantations or in the Amazon growing jute.

The Japan International Co-operation Agency (JICA) estimates that there are now 650,000 Japanese immigrants and their descendants, known as *nikkei-jin*, in Brazil against 750,000 in the US. JICA officials admit, however, that figures vary widely, ranging in some estimates to more than double that number.

The first Japanese to settle in South America chose to live in Peru, and last year the two countries celebrated the 90th anniversary of their relations. Mr Fujimori's father arrived in Peru as a farm worker in 1932, and was able to save enough to start a business in Lima.

But for the early Japanese immigrants, life in Peru was by no means easy. They were often exploited in the workplace and discriminated against as a minority. There were incidents of Japanese immigrants being attacked and burned out of their homes. Such hardships led many of them to flee to Mexico and Brazil.


Fujimori: made good in Peru

The hard-working Japanese immigrants came to be regarded in most communities where they settled as a diligent, reliable and trustworthy people. The strong emphasis they placed on education as a means to climb the social ladder helped many of their descendants to win positions of status and influence in both North and South America.

The US has had its number of Japanese statesmen, such as Senator Daniel Inoue, while many *nikkei-jin* are active in South American industry, politics and academia.

In Peru, despite the substantial discrimination that the Japanese immigrants faced, or perhaps because of it, the Japanese community worked particularly hard to win acceptance into Peruvian society. Eventually, they came to be respected for their hard work and social charities, an official at JICA who has worked in Peru said.

It is an ironic footnote to the history of Japanese immigrants, that having won considerable success overseas, a large number of their descendants are returning to the country their ancestors left behind.

The booming Japanese economy with its growing labour shortage is attracting a large number of Japanese descendants from South American countries.

In Japan, wages are several times higher than they can command at home. Those of Japanese descent have dual citizenship which allows them to find work freely in Japan, where restrictions on foreign labour are otherwise fairly tight.

But second- and third-generation Japanese, whose ancestors struggled to win recognition abroad, are finding that in Japan being of Japanese descent can be as much of a curse as an asset. "Japanese expect *nikkei-jin* to behave like Japanese and understand the Japanese way of doing things," says the JICA official says. "But this is difficult for them, because they are not Japanese born and bred."

The ambivalent Japanese attitude towards *nikkei-jin* is reflected in the measured response in Japan to the prospect of Mr Fujimori becoming president. The media have reported his ascent to political prominence but have little to say about his Japanese origins.

Meanwhile, the Japanese diaspora is seeing something of a revival as a growing number of Japanese attracted to cheaper housing and education and a more relaxed lifestyle abroad are emigrating to countries such as the US and Brazil. The Ministry of Finance estimates that 1,600 Japanese emigrated to the US last year, while 750 chose Brazil as their new home.

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UK NEWS

MANX BANK FAILURE

Scheme to compensate depositors faces delay

By Sue Stuart

TYNWALD, the Manx Parliament, has been asked to defer deciding about a £4.5m scheme to compensate former depositors of the Savings and Investment Bank. The bank collapsed in 1982 with debts of £42m.

Mr Miles Walker, the island's Chief Minister, is due to announce to Tynwald on Monday details of proposed *ex gratia* payments to depositors, some of whom lost their life savings. Tynwald is to be asked on June 19 to approve the scheme.

However, Mr David Cannan, a Tynwald member, wants Tynwald to defer considering the scheme until after publication of a report on the bank's failure. That was drawn up in 1986 by inspectors appointed by the Manx High Court.

He argues that until the report is published members of Tynwald will not be able to debate the issue fully and justify their decision to depositors and the public.

The Manx High Court ruled a fortnight ago that the 500-page report could be released to Tynwald members and the depositors' lawyer. But it was not released to the public after a submission by the Crown Prosecution Service that it could prejudice proceedings in another case before the UK courts.

After the collapse, depositors pursued civil actions against the Manx Government, claiming that members and officials were negligent in their duty of care to the bank's depositors.

Those claims were halted in April when the judicial committee of the Privy Council, the island's ultimate court of appeal, ruled that no duty of care was owed.

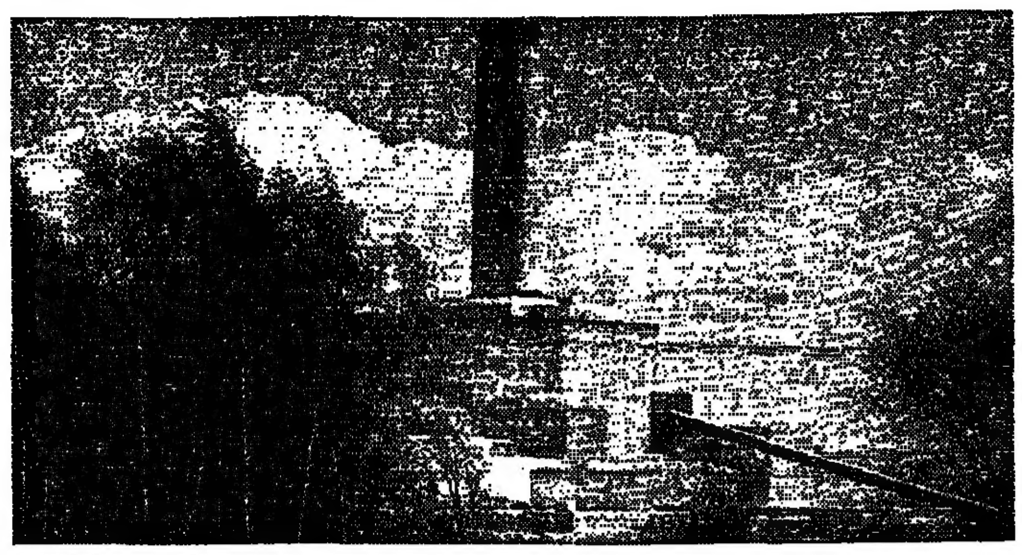
However, in the course of a ruling that a trial of former directors and officials of the bank should not proceed, Mr Thomas Field Fisher QC, the acting deemster (judge) suggested strongly that some of the £10m estimated trial expenses be devoted to compensating depositors.

That was followed in April by publication of a 1982 report by two Bank of England officials. The report said banking supervision on the island had been lax. At the May sitting of Tynwald, Mr Walker announced that the Manx Government was preparing an *ex gratia* payment scheme for depositors.

Mr Cannan has laid a motion before Tynwald seeking deferment of the decision. He also wants Tynwald members to have access to all items relevant to the bank. He wants members to see minutes of meetings of the island's Executive Council and Treasury between 1976 and 1986. The Manx Government changed after an election in 1986.

Mr Cannan said the payment scheme related to presumed negligence by the previous Government. He argued that it would not be possible to decide whether £4.5m was a fair amount without knowledge of the extent, if any, of that presumed negligence.

The Bank's liquidators said yesterday that depositors should receive their first interim dividend of 15p in the pound by the end of this month. That will be reduced, however, by legal costs for the 440 creditors who took legal action against the Government.


Longannet power station: agreement would allow it to burn private sector coal

Agreement close on coal for Scottish power stations

By James Buxton, Scottish Correspondent

BRITISH COAL and Scottish Power, formerly the South of Scotland Electricity Board, said yesterday they were close to ending the main part of their long-running dispute over coal supplies to power stations.

Under the proposed contract, Scottish Power would buy a minimum of 2.5m tonnes a year of coal for three years from the Longannet mine in Fife for use in its Longannet power station. Thereafter it would buy a minimum of 2m tonnes a year.

Both sides are still working on an agreement covering the smaller Cockenzie power station in East Lothian. If an agreement is finalised, both sides would drop litigation over the issue of coal supplies. The agreement would allow coal from licensed, private sector mines to be burnt in both stations.

The 2.5m tonnes is 500,000 tonnes more than Scottish Power is obliged to take for its three coal-fired plants under an interim settlement of their dispute imposed by ministers in March 1989. Any agreement for Cockenzie, which burns 600,000 tonnes of coal a year, would be additional to the Longannet agreement.

The outline agreement on Longannet suggests that a dispute which began in early 1988, when the then SSEB imported 1m tonnes of foreign coal to force British Coal to reduce its prices, is set to end.

In the interim settlement of March 1989, the SSEB agreed to take 2m tonnes of coal a year for five years. British Coal proceeded with its action against the SSEB at the court of session in Edinburgh, which ended in a judgment last December upholding British Coal's case that its business with the two power stations limited the SSEB's ability to switch to cheaper imports.

The price at which Scottish Power is buying coal for Longannet is not being disclosed. However, it is said to be in line with that being charged by British Coal to National Power and PowerGen in England and Wales for the 70m tonnes a year they are committed to buying for the next two years.

The Longannet mine is the last deep coal mine operating in Scotland and has substantially improved its productivity in the past year. Earlier this year Mr Malcolm Edwards, British Coal's commercial director, said it cost £1.60 per gigajoule to produce coal there, and suggested that he would be asking Scottish Power for £1.70 per gigajoule.

Consumer body proposes curb on gas price rises

By Steven Butler

THE Gas Consumers Council yesterday fired the first shot in the battle over rewriting the British Gas tariff formula, with a call for lower gas prices for domestic and small business consumers.

On Monday the Office of Gas Supply, the industry regulator, will announce its recommendations for revising the formula. The current formula is due to expire in April 1992.

The council called for an end to the right to pass on automatically changes in gas purchase costs. It said competition in the supply of gas to industrial users would drive down gas prices in the industrial sector, but smaller consumers would be unable to benefit.

British Gas said UK gas prices were already low and had risen more slowly than inflation since the utility was privatised in 1986.

The council said British Gas should cover its costs through greater efficiency and better business organisation, not by automatically passing on purchase costs.

BCCI is accused of filing incorrect tax returns

By Victor Mallet and Richard Donkin

THE Inland Revenue has accused the troubled Bank of Credit and Commerce International of filing incorrect returns for composite rate tax, which is payable on the interest-bearing accounts of depositors resident in the UK.

BCCI, hitherto registered in Luxembourg and with its operational centre in London, is moving its headquarters to Abu Dhabi following losses of $498m in 1989 and guilty pleas by two of its subsidiaries facing drug money laundering charges in the US in February.

"In view of the errors found, it is clear that the composite rate tax (CRT) returns made are incorrect and further substantial tax may be due," the Inland Revenue said in a letter to BCCI's UK regional office in March. BCCI is not the only bank to have faced difficulties with CRT, but the Inland Revenue made a number of specific complaints after sampling accounts from various BCCI branches in the UK. It said that:

- Gross (untaxed) interest was paid on some accounts based on old declarations, rather than on the new declarations required by the Income and Corporation Taxes Act introduced in 1988.
- At least 12 accounts were wrongly exempted from CRT with no declarations at all.
- *At least one declaration* – for a US dollar account in Manchester – was illegally backdated.

The Revenue declined to make any comment yesterday, nor was there any immediate response from BCCI.

Development unit in £121m property sale

By James Buxton

THE Scottish Development Agency has agreed to the sale of most of its industrial property in two deals worth £121.5m after negotiations with several companies.

The larger of the two portfolios has been bought for £105m by Caledonian Land, a consortium in which London & Edinburgh Trust has a 75 per cent stake and Lilley, the construction group, 25 per cent.

The Scottish Office instructed the SDA last year to sell much of its industrial property portfolio.

SDA officials accepted that owning the portfolio was not essential to economic development, while the Government wanted to encourage the private sector to operate in a field which in Scotland has been dominated by the state sector.

The larger portfolio comprises 7m sq ft of floorspace and 360 acres of development land in industrial estates all over central Scotland. Last autumn it was valued at £84.5m.

The smaller portfolio, consisting of 2m sq ft and 70 acres of development land, is being sold for £16.5m to Rutland Group, a privately-owned property company with Scottish connections.

This is less than the £22.5m at which the portfolio was initially valued.

The SDA, which is to be restructured under the name Scottish Enterprise, will share any increase in land values on the properties arising from planning gains.

UK NEWS

THE GUINNESS TRIAL

Saunders tells of 'short, sharp discussion' with Roux

MR ERNEST SAUNDERS yesterday recalled "a short, sharp discussion" in which he had told Mr Olivier Roux, then Guinness's director of finance, that "in no circumstances was he to attribute knowledge to me concerning financial matters when I had no such knowledge."

That day – December 15 1986 – had been "a watershed date," Mr Saunders told the jury at Southwark Crown Court, because there had been "a clear attempt by Mr Roux to implicate me in something with which I had nothing to do."

The former Guinness chairman and chief executive said that from that day, two weeks after the announcement of a Department of Trade and Industry investigation of Guinness, his relationship with Mr Roux had deteriorated rapidly.

Mr Roux has been the key prosecution witness in the trial of Mr Saunders, Mr Gerald Ronson, chairman of the Heron group, Mr Anthony Parnes, a City stockbroker, and Sir Jack Lyons, the millionaire financier.

They deny charges arising from an allegedly unlawful share support operation mounted by Guinness during its takeover battle for Distillers.

Mr Roux has told the court that he authorised payments to Guinness supporters with the approval of Mr Saunders.

Yesterday Mr Saunders said that on December 13 he and Mr Roux had returned together from the US. Among correspondence waiting for Mr Saunders in the car that collected them from Heathrow had been a letter from Mr Richard Fenhalls, chairman and chief executive of the Henry Ansbacher merchant bank.

The letter had referred to earlier letters in May "written to you at the request of Morgan Grenfell" (Guinness's merchant bank) the form of which had been "suggested by Morgan Grenfell and accepted by ourselves under a mistake of fact."

The letter had then referred to 2.15m Guinness shares registered in the name of Down Nominees and had asked for directions as to the

Court report by Raymond Hughes

beneficial owner, and to £7.6m which "is not and has not been at any time held by us on deposit" but "applied in accordance with arrangements agreed with Morgan Grenfell."

Mr Saunders said his immediate reaction had been to wonder why Ansbacher was writing to him personally. His only connection with the bank had been extremely unpleasant, when Ansbacher had acted for Bells when it had been taken over by Guinness in 1985.

The letter, Mr Saunders said, which had been copied to Guinness's treasury and to a Morgan Grenfell director, "referred to things which frankly I did not understand. I turned to Mr Roux and said, what on earth is this about?

"He looked at it and said 'Give it to me, I will handle it' and he took it."

Mr Saunders said the letter had "nagged" at him. He had found it incredible that Guinness should be having dealings with Ansbacher, given the animosity between them – and between Mr Saunders and Lord Spens of Ansbacher personally – because of the Bells takeover. Lord Spens had been very upset at being on the losing side, he said. "I had a feeling in my guts that there was something up here."

Two days later, the letter had been raised when Mr Saunders and Mr Roux had been with Sir David Napley, one of Guinness's solicitors. Sir David had asked Mr Roux who at Guinness had been involved in the Ansbacher transaction.

Mr Roux had said it was a treasury matter.

Sir David had then asked whether Mr Roux had discussed it with Mr Saunders.

"Mr Roux made a sort of double response," Mr Saunders recalled. "First he said it was not a matter he had discussed with me. And then I recall quite clearly that after some other discussion he came back to the point and made a sort of sweeping statement.

"The gist was that he would never take decisions of a financial nature on his own – effectively that he was acting on my behalf as an agent." Mr Saunders commented: "I used to think of this as an 'I am only a clerk' response."

He said Mr Roux's comments had been "some sort of umbrella statement that because this was a financial matter, and he only acted on my behalf on financial matters, somehow or other I would have been aware."

It had been "very, very vague but intended to imply that I did know something about this matter, which was completely untrue."

Mr Saunders said that it had been in the car that had taken them from Sir David's office in Long Acre back to Guinness's in Portman Square that he had told Mr Roux not to attribute to him knowledge of financial matters that he did not have.

The trial continues on Monday.

Clarke says reform benefits will take time

By Alan Pike, Social Affairs Correspondent

THE GOVERNMENT remains determined to "break the present mould" of the National Health Service next year, although the full benefits of the reforms will take some time to come through, Mr Kenneth Clarke, Health Secretary, said yesterday.

"We are certainly not looking just to recreate the current system with a new shine and with new words to describe it," he told the Institute of Health Services Management conference in Torquay.

In a long and detailed speech, Mr Clarke stressed several times that "no change is not an option." This reflects concern in the Department of Health that preparations for the reforms are moving too slowly in some districts.

The Health Secretary said he had not published a white paper, fought fierce political battles and taken a major Bill through Parliament in order to achieve no change. "I expect to see change from the very beginning," he said.

Separation of the purchasing of hospital care from its provision under a new system of contracts is at the centre of the reforms. There was, said Mr Clarke, "no room for an ostrich-like head-in-the-sands approach here."

The annual financial crises under the existing system of hospital financing, he said, had become a sad ritual. "We had a system in which everyone working in it saw it as their moral duty to point out how badly it was performing because that was seen as the way to get more resources."

Mr Clarke acknowledged the central position that his audience of health service managers would occupy in the new system. The policy had been set, he said, and it was for them to judge how to achieve and deliver it.

"I am trusting managers throughout the service and putting my faith in them to demonstrate their abilities and professionalism."

Doubt cast on future of city technology colleges

By Norma Cohen, Education Correspondent

FURTHER DOUBT was cast on the future of the Government's city technology colleges programme yesterday when the Government announced it would reconsider its decision to establish three new CTCs.

Mr John MacGregor, the Education Secretary, said he would not contest an application by Derbyshire County Council for judicial review of his decision to site a new CTC in Derby.

Mr MacGregor said he had also written to local education authorities and headmasters in Telford, Shropshire, and Wandsworth, south London, asking for their views on CTCs tentatively planned for their areas.

The Education Department said that Mr MacGregor would take account of local opinion but community opposition would not necessarily cause him to veto plans for a CTC.

Wandsworth's CTC, which would be partially funded with donations from ADT, the Bermuda-based security systems and vehicle auction group, is the only one to have its plans endorsed by the local education authority.

Mr Jack Straw, the shadow Education Secretary, said Mr MacGregor's move was a climbdown. "It looks like the first step in the abandonment of the CTC proposals."

CTCs are designed to teach high-technology subjects in inner-city areas. The Government had intended 20 to be operating by the end of last year but only three are in operation.

NEWS IN BRIEF

Nationwide commissions to brokers

NATIONWIDE ANGLIA, the second largest UK building society, has begun paying commissions to mortgage brokers in an effort to attract new business, writes David Barchard. Nationwide Anglia will announce its 1989-90 results on Monday, and the figures are widely expected to show a drop in the society's share of the mortgage market.

Only one of the top 10 societies, Leeds Permanent, has ever paid commissions for introductions of new customers, though it no longer does so. Nationwide Anglia said yesterday that its commission would be 0.25 per cent of the value of the loan.

Waste allegation

FRIENDS OF the Earth, the environmental group, alleged yesterday that large amounts of radioactive waste had been dumped on the site at Rainham Marshes, Essex, chosen for one of the biggest leisure developments in Europe. FoE repeated its call for a public inquiry. British Urban Developments said last night that the radioactive waste found there was low-level and "very easily handled." BUD is the consortium which wants to develop the site.

Swindon FC appeals

THE DIRECTORS of Swindon Town Football Club yesterday decided to appeal against the Football League's decision to deny the club promotion to the English first division and force its relegation to the third, writes Philip Coggan.

The league imposed the penalty after Swindon admitted irregular payments to players. The chairman and manager at the time have since resigned.

Only one other club, Peterborough United, has previously been relegated as a League punishment in 1967-8.

Lloyds Bank chosen

LLOYDS BANK is to act as lead receiving bank in the flotation of the electricity industry. Lloyds will lead in the flotations of the 12 regional electricity companies, scheduled for late this autumn, and of the two generating companies next year. It will not cover the industry in Scotland.

BSB financing

BRITISH Satellite Broadcasting yesterday completed its £1.3bn financial package when six banks signed financial agreements on a £450m project loan. The loan was arranged by Barclays Bank with National Westminster Bank and the Industrial Bank of Japan. It was fully underwritten by the three arrangers and the Amsterdam-Rotterdam Bank, Fuji Bank and the Union Bank of Switzerland.

Gerry Adams move

MR Gerry Adams, president of Sinn Fein, yesterday distanced himself from an IRA murder attack on civilians, writes our Belfast Correspondent.

Referring to the murders of a former RUC reservist and his 66-year-old wife in an IRA car bomb attack in Belfast, he said: "I have said it was wrong and that is my position. I don't have to defend every action the IRA engages in." He recently called the IRA murder of two Australian tourists in the Netherlands "inexcusable and unjustifiable."

His remarks yesterday came soon after an attack on Mr Sean Keenan, a Sinn Fein director of publicity, who was shot at his West Belfast home but escaped serious injury.

Poll tax application

THE HIGH COURT yesterday reserved judgment in the application by 19 councils and three teaching unions for judicial review of the decision by Mr Chris Patten, Environment Secretary, to cap the poll tax levels of 21 councils. The court is expected to give its ruling next Friday.

Mystery of deserted securities office

Richard Waters finds some eerie parallels in the Dunsdale affair

CLEAR ECHOES of Barlow Clowes have been reverberating around the City in the past few days as police officers, liquidators and lawyers have scrambled to salvage something from the wreckage of Dunsdale Securities, an investment firm which is now thought to have taken in £17m from around 220 investors.

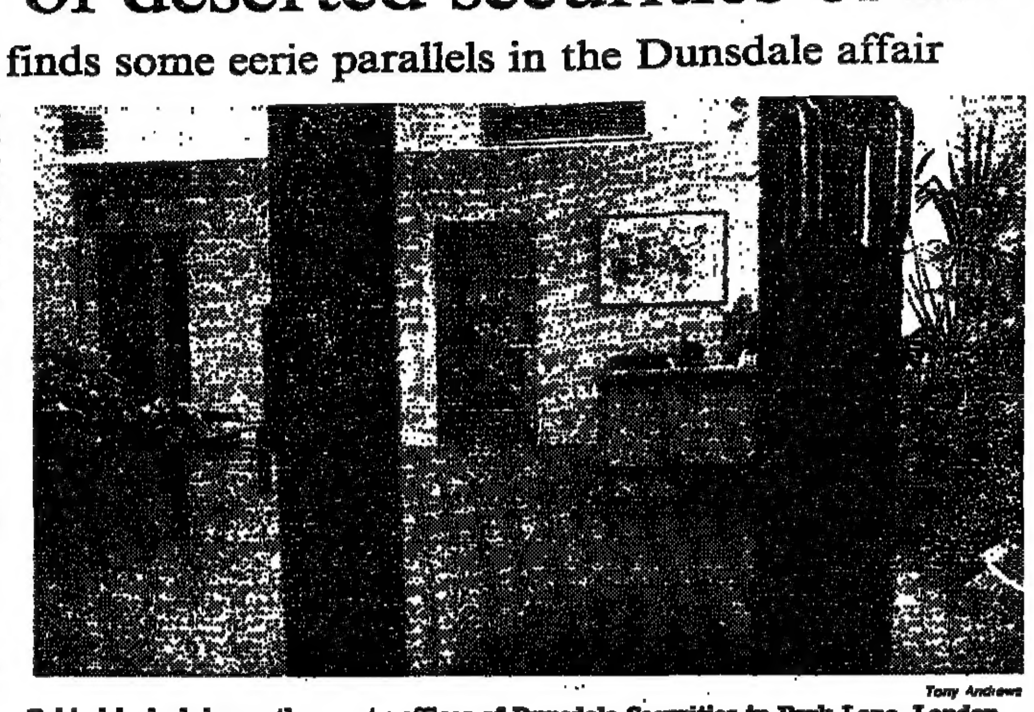
Like the far larger Barlow Clowes, which collapsed two years ago, Dunsdale offered clients an investment in UK government securities (gilts), although it also claimed to invest in US Government securities and eurobonds. As many Barlow Clowes investors have testified, giving your money to an adviser to be invested in gilts feels as secure as putting it in the Bank of England.

Also like Barlow Clowes, Dunsdale had been collecting money from investors since the mid-1970s. During that period it built up strong relationships with its clients, some of whom have invested as much as £1m. Clients of both firms had never had any problem withdrawing their money – until, that is, the shutters came down.

For Dunsdale that was eight days ago, when lawyers acting for a handful of worried clients found that they were unable to contact Mr Robert Miller, the investment firm's sole director, and started legal action to recover the money.

Things gathered pace on Tuesday evening when the Financial Intermediaries Managers and Brokers Regulatory Association (Fimbra), which regulates Dunsdale, moved to freeze the firm's business after complaints from investors. By Thursday, the Metropolitan Police fraud squad and Serious Fraud Office had moved in to the firm's Park Lane offices, along with liquidators appointed that afternoon. A warrant has now been issued for the arrest of Mr Miller, whose whereabouts have remained a mystery for the last week.

In spite of the frenzied activity, little trace has been found of the £17m. According to monthly statements issued to clients, Dunsdale invested their money in a single tranche of gilts – a 15 per cent issue repayable in 1997. But no certificates or contract notes were found at the firm's Park Lane offices, and the Bank of England has failed to find Dunsdale's name on the register of holders it maintains.


Tony Andrews

Behind locked doors: the empty offices of Dunsdale Securities in Park Lane, London

The only assets found so far are "a handful of shares," worth only several thousand pounds, according to Mr Harold Sorsky, one of the joint liquidators. He said yesterday that further efforts are being made to trace investors' assets, but that there is no immediate sign of where they might be found.

While news about the Dunsdale investments has been hard to come by, information about Mr Miller and his business practices has been quick to emerge. The indications are that he did not promise his clients the earth, but relied on a reputation built up over a number of years as a sound investment adviser.

In a letter to one, Mr Otto Hollander, who invested £50,000 only three months ago, Mr Miller talked only of a "respectable rate of return" on "secure instruments," mainly UK and US Government securities. There were no extravagant claims, not even a mention of an annual rate of return that investors might expect.

"He didn't need to claim anything – his record spoke for itself," said Mr Hollander, who was recommended to Mr Miller by a friend who had invested money with his firm since the mid-1970s. While Mr Miller's clients seem to have been happy with the performance of their investments, few withdrew money regularly, preferring to let it roll up each year to add to their capital.

Mr Miller's own business and personal assets appear to have been largely in the form of property – houses in Mayfair and St John's Wood, and a string of properties in Hastings, Maidenhead and Greenwich which were used as security for Dunsdale's borrowings from Barclays Bank.

Meanwhile, the affair has cast a large question mark over the role of the financial regulators – Fimbra, which has authorised Dunsdale since July 1988, and the Department of Trade and Industry, which granted it a licence to act as a licensed dealer as long ago as November 1977.

The firm had the highest category of membership of Fimbra (known as C3), enabling it to handle money on behalf of clients. It was one of a small group of firms in this high-risk category with just one director.

Yet in spite of this potentially high-risk position, Fimbra's own system for checking members picked up nothing wrong until Dunsdale clients rang up to complain on Tuesday. This is in spite of the fact that Fimbra carried out a compliance visit on Dunsdale in the last year, but found nothing wrong.

The DTI, meanwhile, must be hoping that Dunsdale does not follow the Barlow Clowes parallel too closely. The department was accused of "significant maladministration" in its regulation of Barlow Clowes – leading to a compensation of £150m for investors this year.

Brown seeks work rules for ex-ministers


Gordon Brown: seeking ban on new appointments

By Ralph Atkins

A BAN on ex-Cabinet ministers joining the boards of recently privatised companies should be introduced pending new rules for ministers leaving the Government, Labour said yesterday.

Mr Gordon Brown, shadow Trade and Industry Secretary, said "golden parachutes" being offered to departing Cabinet ministers looked like "jobs for the boys."

Last week Mr Peter Walker, a former Energy Secretary, joined British Gas as a non-executive director.

Sir Norman Fowler, a former Transport Secretary, has joined NFC, formerly the National Freight Consortium, also as a non-executive director.

Mr Norman Tebbit, former Conservative party chairman, went on to become a non-executive director of British Telecom.

Mr Brown has written to the Prime Minister asking for a ban on further appointments of ex-ministers to companies privatised by the Conservative Government until new rules are drawn up.

He said some senior civil servants faced a "waiting period" of up to two years before they could join companies with which the Government had had links but there were no similar rules for ministers.

Downing Street said the appointments were for the judgment of the individuals and the companies which employed them.

Officials pointed out that it was three years since Mr Walker had been Energy Secretary, and Sir Norman had left the Department of Transport in 1981 to serve at the Department of Health and Social Security and then at the Department of Employment.

Labour's stance on defence spelled out in Washington

By Peter Riddell, US Editor, in Washington

THE Labour Party is now "in the mainstream of European opinion" and on "the inside track" on defence and security policy, Mr Martin O'Neill, the party's defence spokesman, has assured senior members of the Bush Administration and Congress.

He has been involved in talks this week explaining the changes in Labour's policy ahead of the visit to Washington in mid-July of Mr Neil Kinnock, the Labour leader. Contacts between the US Administration and Labour spokesmen have greatly increased in recent months with Mr John Smith, the shadow Chancellor, and Mr George Robertson, a foreign affairs spokesman, visiting Washington.

While President George Bush still supports the approach of the Thatcher Government, he and his advisers want to reach a closer understanding of Labour's approach and to avoid the appearance of undermining Mr Kinnock, which occurred when he visited President Reagan in March 1987.

This week's talks have focused on Labour's attitude to the unification of Germany, to US bases in Britain and to the possible development and deployment of an air-launched nuclear missile.

Mr O'Neill met Mr Robert Blackwill, who is responsible for European and security affairs on the National Security Council staff; Mr Paul Wolfowitz, the Pentagon's Policy Under Secretary; and, at the State Department, Mr Raymond Seitz, the assistant secretary for European affairs, and Mr Reginald Bartholomew, who handles arms control.

Mr O'Neill said he had stressed "how the Labour Party is now in the mainstream of European opinion and is keen to be involved in the review of Nato strategy," especially in re-examining the doctrine of flexible response in the changed circumstances of Europe. He also argued that, in the next round of conventional force talks, reductions should enable all of Europe to share in the peace dividend.

Mr O'Neill expressed opposition to any decision to deploy air-launched missiles in Britain but noted that the Nato alliance was some way from taking a decision on development, let alone on siting, of the missiles. The Bush Administration, backed by influential legislators, as well as the current British Government, is insistent on a continued US nuclear presence in Europe.

He explained the Labour view that the Trident missile system should be included in a second round of strategic arms reduction talks once the current treaty is signed.

NFU chief satisfied with beef agreement

By Steven Butler

SIR Simon Gourlay, president of the National Farmers' Union, yesterday expressed confidence that British beef farmers would face only "minimal" costs in complying with certification procedures agreed on Thursday by European Community farm ministers.

Sir Simon, after a meeting with Mr John Gummer, Agriculture Minister, also dismissed fears that British consumers would be sold second-class beef which could not be exported to the Continent because it could not be certified as coming from herds that were free of bovine spongiform encephalopathy (BSE).

Mr Gummer agreed with other EC ministers that "bone-in" British beef would have to be certified to qualify for export, leading to fears that British consumers may be sold an unsafe product. The Government has maintained that BSE poses no risk to consumers.

Sir Simon said offal tissue would be removed from meat on sale throughout Europe. Under the EC proposals, exports of boneless beef need only certification that nerve and lymphatic tissue has been removed.

Sir Simon said he was satisfied about the terms of the deal in Brussels following his meeting with Mr Gummer. But he added that the NFU would seek redress if its monitoring of the certification showed that it imposed a penalty.

Mr Gummer faced a barrage of criticism in the Commons on Thursday night, as Dr David Clark, Labour's agriculture spokesman, accused him of a "cave-in."

The Brussels deal had prompted fears that farmers would conceal the first cases of BSE in a herd in order to avoid disqualification for export.

However, Sir Simon expressed hope that farmers would be able to avoid the development of a two-tier price system, under which different prices would be paid for cattle from infected herds and for certified cattle.

Audit Office finds delay in stock control

By Ralph Atkins

THE INTRODUCTION of a computer system for controlling British beef stocks under Europe's Common Agricultural Policy has been delayed for four years, according to a report by the National Audit Office, the public spending watchdog.

A series of problems at the Intervention Board for Agricultural Produce have cost taxpayers millions of pounds, according to the report.

Computerisation of the system for intervention in beef stocks – likely to be severely tested as the "mad cow" affair develops – was due for completion in 1986 but remains unfinished. The estimated cost has risen from £1.02m to £1.48m.

The NAO also reports delays in computerising the calculation of EC refunds and levies on importers and exporters of agricultural produce.

Its report says "irregularities" – including fraud – under the Common Agricultural Policy in the UK are below the EC average, but there "is widespread concern that it may be substantially more than that officially reported."

Intervention Board for Agricultural Produce: Management, Accountability and the Prevention of Fraud. HMSO. £6.70.

UK NEWS — EMPLOYMENT

TGWU voices opposition to Labour's policy plans

By John Gapper, Labour Editor

THE Labour Party is facing strong opposition from its largest affiliate, the Transport and General Workers' Union, to one of the party leadership's main proposals for reforming policy-making.

Mr Ron Todd, the TGWU general secretary, said yesterday that he would be writing to Mr Neil Kinnock, the Labour leader, to express "grave reservations" about having a national forum to co-ordinate policy-making.

The union is likely to vote at Labour's annual conference against a 170-member policy forum. The proposal is for a forum presiding over seven subsidiary commissions which would draft policy motions.

Mr Todd's letter follows criticism of the idea in the TGWU's general executive this week. TGWU leaders believe such a forum would take power away from both the party's national executive (NEC) and its annual conference.

He said the TGWU's left-led executive believed there would be "less bureaucracy and more democracy" if the commissions – which will operate on a two-year cycle – were made directly accountable to Labour's NEC.

Under proposals drawn up by the NEC in April after a party consultation, the national policy forum would be directly elected, and include 88 regional representatives.

The reform would be implemented after the next general election.

The TGWU's block vote at the party conference, which has been cut from 1.25m to 1m because of a fall in membership, is likely to be cast in favour of other aspects of the reform scheme from the Labour NEC.

These include an immediate cut in the strength of the union block vote at the conference from about 89 per cent to 70 per cent, with constituency parties being given 30 per cent of the vote. Further cuts might follow later.

Separately, the TGWU executive decided to back Labour's proposals for reform of labour law at the Trades Union Congress in September.

The union wants clarification of some of the policy and will discuss it again after the TUC.

BA refutes safety accusations

By Paul Abrahams

BRITISH AIRWAYS yesterday denied that the engineers' dispute was affecting either the safety of their aircraft or the punctuality of operations.

The company said it was inconceivable that BA would fly unsafe aircraft. It pointed out that the Civil Aviation Authority was satisfied with its maintenance.

Responding to accusations made yesterday by two MPs in the House of Commons that BA aircraft were flying with "life-threatening" faults, the company said that maintenance difficulties were occurring, but that these were no more frequent than usual.

The CAA said yesterday that aircraft were flying all the time with allowable faults on non-critical components. It added that BA had no dispensation to fly commercial flights with non-functioning critical components and would not be given such dispensation.

Airline pilots also have the right to refuse to fly an aircraft he or she believes is unsafe, according to the British Airline Pilots Association.

BA said the strike by 7,000 engineering workers at Heathrow Airport had not affected flight punctuality. It said that last week 99.4 per cent of aircraft were available.

BA added that 1,000 of the workers at Heathrow were now back at work. Urgent maintenance and servicing is being carried out by management teams. BA has stopped doing contract maintenance for other airlines.

The engineers at Heathrow are refusing to change to 12-hour working shifts.

BT union prepares hours campaign

By Diane Summers

THE campaign for a shorter working week is set to take a further step forward at British Telecom after a conference decision yesterday by the main BT union, the National Communications union.

BT workers were among the first to win a 37½-hour week in 1978. The present push will be for a 32-hour week by 1995.

However, the campaign will not be launched until next year's conference. Delegates voted against industrial action starting next January unless there was an offer of reduced hours before November 1990.

Mr Tony Young, General Secretary, pointing to the difficulties of mounting an immediate campaign, told the conference that the last important reduction in hours had been achieved before privatisation.

Also, the engineering unions' current campaign for a reduction in hours had been tied with employers' conditions in many cases, he said.

The commitment to a reduction in hours is, this year, in the context of threatened job losses – at least 30,000 over the next three years according to the union – as BT undertakes a large-scale restructuring. Reducing hours is seen by the union as a way of attempting to protect jobs.

BT has said that it would not be considering greater flexibility in working hours during this year's pay talks. However, in the future it is likely to press for new shift patterns, particularly if the shorter week claim is pursued.

Workers at Asda stores befriend the unemployed

By John Gapper

WORKERS and the long-term unemployed are being brought together in an unusual recruitment scheme run by Asda, the supermarket chain. Its project appoints experienced workers to act as "buddies" to unemployed job-seekers.

People unemployed for six months or more are attached to an Asda worker for three days to see how the job is done. The system is to be used later this year in Doncaster, South Yorkshire after a successful trial in Nottingham.

The company recruited about 70 long-term unemployed from Nottingham to work in a new superstore by first giving them a week's work experience in two other local stores.

The device is intended to give long-term unemployed as equal a chance of getting jobs as those with work experience. The work attachment follows a two-week course run by an inner city task force and the Employment Service.

The idea of workers acting as "buddies" to the long-term jobless has also been tried in other ventures with companies in the Nottingham area, including McDonald's, Holiday Inn and Raleigh.

Service companies, which have had increasing difficulty in recruiting workers are now showing more interest in attracting job seekers such as older workers and the long-term unemployed.

The recruitment scheme used by Nottingham employers is subsidised through the Government's Restart and Employment Training programmes. It has so far placed about 200 long-term unemployed people in work.

The new Nottingham superstore had required about 400 workers the long-term unemployed taken on formed an unusually high percentage of the total. Asda said they had all shown aptitude for work.

Mr James Busher, inner city manager for the Nottingham Employment Service, said the Asda scheme had been among the most successful in placing in work people within the long-term unemployed such as ethnic minorities.

UK SHARE OWNERSHIP DISCLOSURE

On Friday June 1, provisions of the Companies Act 1989 came into force requiring an investor owning 3 per cent or more of a UK public company to declare this ownership. The previous level at which disclosure had to be made was 5 per cent. The Financial Times will be printing a summary of Stock Exchange announcements of disclosures of holdings of between 3 per cent and 5 per cent. Announcements in today's table include some made on Thursday and those made yesterday for which space permits inclusion. Those announcements crowded out today will appear on Tuesday.

KEY

The companies in which the stakes have been disclosed are shown in bold.

For each, the names of the investors are followed by the shares they hold, in thousands, and the percentage this represents of the company's total shares outstanding.

AB Electronic Products
TSB Group 1,185 (4.67%)

AB Electronic Products Group
British Airways 925 (3.65%)

AT Trust
AP McEwen 1,295 (3.37%)

Abbey
Clerical Medical & General Life Assurance Sty- (3.00%)

Alba
Throgmorton Trust 1,060 (-%)

Albany Investment Trust
[illegible]

Britannic Assurance
Bank of Scotland 24,600 (-%)

Bromsgrove Industries
Framlington Group 1,250 (3.58%)
Midland Bank 1,065 (3.03%)
NatWest Investment Bank 1,090 (3.15%)
Postal Investment Management 1,081 (3.08%)

Brooks Service Group
Bank of Scotland 535 (4.59%)
Mrs Anne G Dennholm 516 (4.49%)

Brunner Investment Trust
AMP Group 2,060 (3.22%)

Bryant Group
AC Bryant & Mrs JM Bryant 7,779 (3.78%)

[illegible]
Grahams Rintoul Investment Trust 2,000 (4.90%)

[illegible]
Eric Bailford 1,519 (4.42%)
Prudential Corporation 1,282 (3.78%)
Scottish Amicable 1,295 (3.77%)

CI Group
Albert Edward Hargreaves 3,800 (4.40%)
Thomas Edward Smith 3,817 (4.40%)

[illegible]

Dobson Park Industries
Barclays Bank 4,654 (3.58%)

Doctus
Prudential Corporation 2461 (5.16%)
Royal Trust Asset Management 1442 (3.06%)

Dolphin Packaging
Kleinwort Benson 618 (3.19%)

Domestic & General Group
Rolls-Royce 275 (4.06%)

Dowding & Mills
Wesleyan Assurance Society 3,364 (3.20%)

[illegible]

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Volatility in store

SINCE when have bankruptcies been good for stock markets? At the start of the week much of the troubled financial conglomerate British & Commonwealth was placed in the hands of administrators; by the end, former glamour stock Coloroll had gone into receivership. Yet the market bubbled merrily in between, underlining the bullish tone by taking dismal news about property values from Great Portland and British Land in its stride.

Nor has the story on Wall Street been very different. The economic statistics have been pointing to a weaker economy, while the strains of an excessive debt burden have thrown up new corporate casualties and an ever-increasing bill for the federal bale-out of troubled savings and loan institutions. Even Mr Donald Trump, the New York developer who once pronounced in a much-hyped book on the art of deal making, was closeted with his bankers this week in an attempt to restructure mountainous debts. The artistry, it seems, did not extend to financial husbandry; Mr Trump's junk bonds dived. Yet for all that, the Dow Jones Industrial Average is within striking distance of the magic 3,000 mark.

The markets are at least right about one thing. If the bankruptcies pointed to serious trouble for the banking system, and thus to a recession-inducing financial shock, the Bank of England would surely be worried. Yet it did not seek to prop up the merchant banking subsidiary of British & Commonwealth, where some £300m of deposits are at stake. Nor has it sought to put a safety net under the property market, as it did in the mid-1970s with its celebrated lifeboat operation. The implication is that it does not, for the moment, perceive a serious threat to UK banks.

Clearing up

That, of course, is no consolation for property developers because it means that inadequate cash flow will lead to receivership rather than rescue. But it does suggest that the high-profile bankruptcies in the UK are not so much an indication of a disastrous downturn as a a case of clearing up after some spectacular cases of bankerly excess. Both Coloroll and British & Commonwealth were, in a sense, victims (albeit willing ones) of over-enthusiastic bankers. So, too, with many of the property casualties. The slump in the City office market, where much of the trouble is concentrated, was widely predicted when the City planning authorities relaxed constraints on development in the mid-1980s. But the bankers chose to ignore it.

Fortunately for the British, the debt problem that now weighs down the US corporate sector does not have a parallel in the mainstream UK economy. Indeed, the real problem for UK equities is precisely that the economy is so awkwardly poised between boom and squeeze. Despite the vice-like tightening of monetary policy since 1988, a slow-down has failed to put in an unequivocal appearance. And while the corporate sector's financial deficit is at an unprecedented level, profits remain high and dividends continue to rise.

Remarkably resilient

Quoted companies, then, are turning out to be remarkably resilient despite the difficult financial background. To the extent that profits and dividends underpin equity market valuations that is reassuring. But only up to a point. For the government's anti-inflationary strategy rests heavily on squeezing profit margins and stiffening the employers' resolve in wage negotiations.

In the end, a combination of 15 per cent base rates and an appreciating exchange rate must surely bite and the effect could well be savage. That is one reason for thinking that equities have risen too far, too fast. Much the same could be said of other markets around the world. The shift from gloom to euphoria since the end of April has been far more pronounced than any change in the underlying fundamentals really justifies, even allowing for a slightly lower expectation of further monetary tightening around the world.

The economic party is not yet over. This week's news of 4.4 per cent growth in the first quarter in West Germany underlines the strength of the continuing upsurge in continental Europe. For their part the Japanese appear to have shrugged off the worries that followed the Tokyo market plunge earlier this year. And in the long run the emergence of eastern Europe as a low-cost source of supply for the world economy will be beneficial.

But there is undoubtedly a problem in getting from here to there. The uncertainty over the unwinding of the Soviet empire is clearly a worry. The slow-down in the US economy, which may well be under-estimated by Wall Street, will make the corporate debt mountain harder to service. And the full implications of European monetary union have yet to be digested. It all points to an uncertain equilibrium in the markets, with a fair amount of volatility ahead.

David Owen and David Waller on the events that led to an administration order being put into effect for the financial services group

How B&C was put to sleep

An element of bedroom farce characterised the concluding chapter of the British & Commonwealth Holdings affair.

The administration order that put the company out of its misery was signed last Sunday night in the west London home of the incapacitated Mr Justice Vinelott. The judge, who had a bad back, dealt the fateful blow from his sickbed. A dozen officials and legal advisers stood around, like courtiers at a King Louis XIV levée.

This was the culmination of six weeks of frantic City negotiations, designed to salvage the stricken financial services group in the wake of the summoning of administrators to Atlantic Computers, one of B&C's largest subsidiaries. The City haggling had reached a crescendo in the final six days.

Until 10 days ago attention had been riveted on the attempts of S.G. Warburg to secure creditor agreement for a capital reconstruction plan, made necessary by the breach of loan covenants. This would have entailed the sale of all B&C's leading businesses, including: Exco International, one of the world's largest money-brokers, Oppenheimer Management Corporation, the US mutual fund manager, and the British & Commonwealth Merchant Bank (BCMB).

The draconian nature of the Warburg plans reflected the fall in the break-up value of the group as a result of the revelations of mismanagement at Atlantic: this had a knock-on effect on the trading performance of B&C's other subsidiaries.

Ironically, the group was finally brought to its knees, not by rejection of Warburg's admittedly contentious proposals, but as a direct consequence of an order from the Securities and Investments Board, requiring its members to pull their money out of the B&C merchant bank. This edict,

B&C chairman Sir Peter Thompson told the assembled bankers they faced a choice between "muck or nettles".

which came out after the markets had closed on Friday, in turn stemmed from the failure of separate negotiations to put in place a £100m standby credit facility at BCMB. It had been made necessary by the gradual erosion of liquidity at the bank as a succession of wholesale term deposits matured and were not renewed.

The pace of events took many of the protagonists by surprise: few could have predicted on bank holiday Monday (May 28) that both the merchant bank and its parent would be in the hands of adminstrators by the end of that week. As they reflect on the unexpected denouement, bankers and regulators are wondering whether a failure of communication could be blamed for the company's demise.

After all, it was only on Thursday afternoon that the B&C board became aware of the stark fact that failure to put the standby facility in place at the merchant bank would ineluctably lead to the appointment of administrators at the parent. Until then, as the following chronology makes clear, there were two distinct sets of negotiations during the critical week, conducted for the most part in ignorance of each other. One set focused on the Warburg plans, the other on the refinancing of the B&C merchant bank.

Tuesday May 29. Representatives of the eight banks invited to contribute to the standby facility for B&C's merchant bank gather in the sumptuous first-floor committee room at the Bank of England. The meeting, convened by the Bank of England, is attended by general managers from the four UK clearing banks, as well as Standard Chartered, Royal Bank of Scotland, Chase Manhattan and the Hongkong and Shanghai Banking Corporation.

About a week earlier, they have all received details of the proposed structure of the facility, together with information on the merchant bank's financial position. It is intended that the eight banks should each contribute a flat £12.5m.

The meeting is chaired by Eddie George, the deputy governor of the Bank of England. He spells out the Bank's concern that the creditor banks should focus their attention on the merchant bank and makes plain to them that the Bank's assessment of BCMB's forward liquidity position will depend on whether the standby facility is put in place. This is tantamount to an ultimatum: if the banks do not come to an agreement, the merchant bank's future is in imminent jeopardy.

At least three banks – believed to be the Midland, Lloyds, and Standard Chartered – say they are not happy with the proposals, while others have reservations on points of detail.

There is evidence that at this stage the pressing nature of the matter has not been rammed home to them. The banks undertake to report back the next day.

At 2.30 pm, there is another meeting at the Bank, where for the first time Warburg reveals its revised reconstruction plan. Its initial proposals had countenanced a 25 per cent write-down of debt for senior creditors, with the balance converted into new preferred and ordinary shares. Hosted by Mike Smith, head of the Bank's industrial finance division, the meeting is attended by about 100 people, including Sir Peter Thompson, chairman of B&C, and representatives of all the different classes of creditor.

Under the shadow of a huge chandelier, Sir Peter opens the meeting. The blunt Yorkshireman says the bankers present face a choice between "muck or nettles" – much to the bafflement of home counties bankers unfamiliar with northern argot.

It is up to the urbane Lord Cairns, joint chairman of S.G. Warburg, to flesh this out in language more accessible to the banking community. As the atmosphere grows stuffy in the overcrowded room, the aristocratic banker states that trading conditions have deteriorated at B&C in the weeks since the draft proposals were formulated. Accordingly, Warburg has had to reduce its estimate of the group's break-up value under orderly conditions by £100m.

In addition, terms for the senior creditors have been somewhat sweetened: they will still have to take a 25 per cent write-down on their exposure to the group, but will now receive the balance entirely in preference shares. To accommodate this, second-tier creditors are to be offered 10 per cent on their money, down from 30 per cent in the original proposals.

It is promised that a document containing the revised plans will be in creditors' hands by the end of the week; creditors are asked to reconvene with their response to the proposals on the following Monday. ("I think the deadline went down very badly," one B&C adviser said this week.) No mention is made of the looming crisis at the merchant bank.

COUNTDOWN TO ADMINISTRATION

- **17 April** B&C calls in administrators at Atlantic Computers, writes off £550m and requests share suspension.
- **9 May** Warburg's draft reconstruction proposals for B&C begin to circulate.
- **16 May** Possible erosion of liquidity at B&C Merchant Bank begins to cause concern. New £100m standby facility from eight creditor banks mooted.
- **29 May, am** Meeting of standby facility banks at Bank of England. Some banks unhappy.
- **29 May, pm** Revised Warburg proposals outlined to B&C creditors at Bank of England.
  Glum B&C board meeting hears of deteriorating trading conditions at certain subsidiaries.
- **30 May** Eddie George, deputy governor of Bank of England, telephones senior bankers to discuss standby.
- **30 May, pm** Bank of England informs regulators agreement on standby is unlikely.
- **31 May, pm** Bank of England tells regulators that standby efforts have failed. News reaches B&C and Warburg in middle of meeting with bondholders.
- **1 June, 9.00am** Sir Peter Thompson, B&C chairman, has series of meetings with individual senior bankers. No breakthrough achieved.
- **1 June, 1.00pm** B&C board accepts that calling in administrators is only option.
- **1 June, 6.00pm** SIB removes B&C Merchant Bank from list of authorised banks.
- **2 June** Further bank attempts to negotiate standby fail.
- **3 June** Administration order for B&C secured at Mr Justice Vinelott's home.

Telephone diplomacy: Sir Peter Thompson, left, Eddie George

A tense B&C board meeting takes place in the evening, at which details of increasing trading difficulties at various B&C operating subsidiaries are unveiled.

Wednesday May 30. As squadrons of merchant bankers and lawyers get to work on the final drafting of the Warburg plan, the Bank of England learns that the three recalcitrant banks have not changed their minds over the standby facility for BCMB. Eddie George makes a series of "top-level" telephone calls to the banks to spell out the consequences of their lack of action over the facility.

In the afternoon, the Bank holds meetings with the SIB and the three other bodies with regulatory responsibilities under the Financial Services Act. They are informed that the standby facility is probably not attainable.

Thursday May 31. The B&C board meets at 8.30 am and discusses the possibility of making board changes in return for creditors' agreement on the Warburg plan.

Following further futile attempts to bring the Midland, Lloyds and Standard Chartered into line over BCMB, the Bank of England tells the other regulators that prospects of putting the standby into place have evaporated.

Warburg spends the morning at Barclays, which is co-ordinating senior bank creditors' responses to the reconstruction proposals, holding "very constructive" discussions about its plan. This meeting breaks up at 2pm: BCMB is not on the agenda.

At 2.30 pm, BCMB executives go to the Bank of England and are told that it has not been possible to put together the standby. Shortly afterwards, this news is communicated to the Warburg team in the middle of a meeting over a legal wrangle with B&C bondholders. "A potentially fatal blow had come from an unexpected quarter," one adviser recalled.

As the penny drops, an emergency board meeting is convened for 7.30 pm. At the meeting, the board expresses bewilderment at this unexpected turn of events. "The view of the board was that this all seemed rather precipitous," an adviser said later. "They couldn't quite understand the speed at which various things seemed to be happening."

It is decided that Sir Peter Thompson should pay a visit to the chairmen of some of the banks the following morning to make sure that they are fully aware of the consequences of not backing the facility; the meeting breaks up at about midnight, "in something of a quandary".

Friday June 1. Sir Peter makes his visits and duly receives confirmation that the banks know what they are doing. At the same time, lower-level executives from the banks are meeting in a last-ditch attempt to hammer out an agreement. One suggestion is that individual bank contributions to any standby facility should be geared to their exposure to the entire B&C group: one bank estimates that it faces a loss of £20m if the negotiations fail. While some banks are amenable to this new initiative, others continue to hold out. All express reluctance to fall into line unless the undertaking is unanimous.

"We were prepared to support the company at all stages, provided the other banks did the same," one banker said this week.

The B&C board reconvenes at 1pm, with no end to the stalemate in prospect. The board accepts that there is no future for the Warburg proposals and listens to advice from Stephen Adamson, an insolvency expert at Ernst & Young, the accountancy firm eventually appointed administrator. It is accepted that the protection of an administration order must inevitably be sought.

After the markets close, the SIB removes BCMB from its list of authorised banks and orders SIB-regulated firms to remove client money.

Saturday June 2. Some of the banks exchange telephone calls in half-hearted attempts to forestall the inevitable. According to one banker, calls are made until early Sunday afternoon. But he adds ruefully: "By the time we had got around to doing anything constructive, it was too late."

Sunday June 3. A meeting at the offices of Ernst & Young – attended by the chief executives of some 30 B&C subsidiaries, as well as lawyers and merchant bankers – seals the group's fate.

At about 5pm, about a dozen of those present depart for the judge's bed-chamber.

* * * * *

This week, protagonists in the affair were still puzzled as to why the three banks had decided against supporting the merchant bank's standby facility. Midland Bank said yesterday that its decision not to support the facility "was based on strictly commercial banking judgments."

Many were astonished that the standby issue was the straw that broke the company's back. "It is like the murder of the Archduke Ferdinand in Sarajevo," said one: there are times when you can only see the true significance of events in retrospect.

MAN IN THE NEWS

Luca di Montezemolo

A home win for Italy's princely charmer

By John Wyles

The hair is blond and wavy to its last fashionably tailored millimetre, the eyes blue and set wide apart, while the nose swoops lengthily down to a mouth which has smiled energetically from thousands of news pages around the world.

Mr Luca Cordero di Montezemolo is Italy's Prince Charming, the spare-framed 43-year-old whom the gods seem to have blessed with a double dose of life's advantages, beginning with an aristocratic name, good looks, more recently an elegant TV star companion, and, to cap it all, a fairy godfather named Mr Gianni Agnelli.

To the chagrin of many a mere mortal, Mr di Montezemolo also seems to have been close to the head of the queue when they were handing out imagination and managerial abilities. For the past five years these have been tested by the task of leading Italy's World Cup organising committee, which raised the curtain in Milan last night on its first production, the opening game of the tournament between Argentina and Cameroun.

With its irresistible mix of show and business, the World Cup is the greatest spectacular for which Italy has been responsible since the Rome Olympics of 1960. Except that the passage of 30 years might well be 300, so much vaster are the technological and other dimensions of the Mondiale.

Mr di Montezemolo's press office has made the point by its assiduous garnering of statistics which tell of an expected television audience of 20bn over 28 days, 10,998 places provided for the press in 12 stadia, 7,864 telephones in the press stands, 2,358 hostesses, stewards and interpreters and the anticipated consumption of 10m sheets of paper by journalists and photocopiers. All this, and much more, by courtesy of Mr di Montezemolo whose responsibilities, he stresses, have included neither the L1,100bn spent on the 12 stadia nor the L5,000bn on public works around the country.

While he now believes that Italy has performed a miracle in completing an ambitious building programme in little more than a year, his has been the constant nightmare that some stadia would not be finished in time. Press facilities in some of the 12 grounds accommodating the first-round games have been fitted out in less than a fortnight with untried electronic computer systems as distant from the typewriter and published handout as the electric lightbulb from a candle.

"This is like giving you a Ferrari which has not even had one lap test," he says bitterly. The automotive reference is more than casual for it was under the aegis of the prancing horse of Maranello that Mr di Montezemolo became a national sporting name in Italy at the tender age of 26.

In 1973, Mr Enzo Ferrari took him in as his personal assistant and, stunningly, put him in charge of the Ferrari Formula One Grand Prix team a year later. In 1975, Ferrari won the Formula One constructors championship and Mr di Montezemolo's reputation was made.

As a law graduate from Rome's La Sapienza university he was already known as "the avvocato's avvocato," so close was his relationship with "The Avvocato," who then, as now, was president of Fiat. Few were surprised, therefore, that Mr Gianni Agnelli should take him into his empire, and that the two years at Ferrari should have been followed by six at Fiat, where he more catapulted than rose to the post of director of external relations.

In 1981 he was made managing director of Fiat's publishing company, ITEDI, from which position he was both promoter and publicity manager for the project which for the first time ever launched an Italian boat, the Azurra, into the Americas Cup in 1983. Thence on to Geneva where he ran Cinzano International (at that time 50 per cent Fiat-owned) for a couple of years before Mr João Havelange, the Brasilian potentate who heads Fifa, asked him to head the organising committee, Italia 90.

From the beginning, Mr di Montezemolo identified the need for a structure somewhat different from that deployed in previous World Cups where Fifa sold exclusive marketing and sponsorship rights to the Swiss company ISL Marketing and the German company, Telomondi. These two in turn sold exclusive sponsorship status to a group of international companies, including Coca Cola, Mars, Alfa Romeo, Gillette and Philips.

Says Mr di Montezemolo: "My opinion and past experience said that sponsors and money were not enough. I needed two other things: know-how and manpower."

As a result, Mr di Montezemolo persuaded Fifa that a group of Italian "supplier" companies should have the same promotional rights and access to the World Cup logo as the official sponsors in return for the payment of L8bn each and the secondment of management to the organising committee. The result was "a positive cash flow over the last five years" and a co-ordinated approach to the provision of banking, insurance, transport and communications services for the organising committee.

So it is that Fiat has committed 510 official cars for the ferrying of VIPs, together with Iveco coaches to transport the 24 teams, Olivetti has supplied an integrated computer system together with terminals and lap tops for journalists, STET the telephone lines, Banca Nazionale del Lavoro took care of ticket sales, INA of insurance, Radio Televisione Italiana (RAI) of broadcasting facilities and Alitalia and Ferrovie dello Stato (FS) of transport services.

The only initiative which seems to have stumbled is 90 Tour, an Alitalia-FS joint venture, whose sales of tickets and holiday packages have been less than brilliant in some parts of the world because of overpricing and competition from unofficial operators. With 93 per cent of the 2.6m tickets sold – itself a World Cup record – Mr di Montezemolo has assured a commercial success for Fifa and now awaits conformation of an organisational one.

Pulse-rate visibly racing and a little careworn, he stared at his computer-laden desk and confessed a few days ago that he would not want to relive the past five years. "I have had to deal with a lot of problems which are special to this country and many of which were out of my control. Everything has had to be done by a certain date, because you cannot postpone the World Cup."

Mr Havelange has asked him to organise the next one in the US, but, in the absence of such masochism, soccer may be as much in Mr di Montezemolo's future as in his past. Everyone in Italy now takes it for granted that The Avvocato wants his avvocato to be president of the Agnelli soccer team, Juventus – provided, of course, that Mr di Montezemolo can stand the sight of a football after the next month.

The challenge facing the war president

Robert Graham on the menace posed by Colombia's drug barons

It was a slight bump involving a jeep and a taxi in a small Bogota side-street. But as the two drivers began to remonstrate they were surrounded by heavily armed soldiers in combat fatigues who converged on the scene at the run. Within minutes the area was cordoned off and a sniffer dog was probing the vehicles for signs of explosives.

The accident occured earlier last week just behind the headquarters of Mr Cesar Gaviria, the 43-year-old economist who is Colombia's newly elected president. Such is the concern for the Liberal Party politician's safety that even the most innocent incident is treated with the utmost suspicion.

"He is a war president," says Mr Enrique Santos, editor of the Sunday edition of El Tiempo, Colombia's leading newspaper. When he takes office in August, Mr Gaviria will inherit an unfinished war being waged against the most vicious elements controlling the multi-billion dollar illicit drugs trade. In a country with a bewildering collection of 140 armed groups of the left and right – causing more than 7,000 deaths a year – the drug barons represent the greatest challenge.

In no other country bar Lebanon could a president-elect be so palpably threatened. Three presidential candidates were murdered during the campaign including Mr Gaviria's Liberal Party colleague, Mr Luis Carlos Galan.

Stepping into Mr Galan's shoes, Mr Gaviria, a slight, intense figure, has taken a tough line towards the drugs traffickers. And having won the May 27 election, Mr Gaviria has become the prime target for the purblind wrath of Mr Pablo Escobar, the man behind the Medellin cocaine cartel.

Mr Gaviria, is already inured to the intrusive paraphernalia of high security. Security considerations caused him to avoid all but the most essential public appearances during the campaign. But his election – in spite of a 57 per cent abstention rate at the polls – is a source of tangible relief in the country simply because Mr Gaviria was the clear favourite and he survived.

In a cramped flat where he is working on plans for government, it seems almost impertinent to ask whether he is afraid at the thought of being top of the drug barons' hit list. "I am not the only person whose life is under threat (of death) in Colombia. There are thousands of others, especially those in the judiciary and in the security forces whose lives are being threatened," he says.

This is not modesty but an expression of collective solidarity. It is also fact. In Medellin, Colombia's second city and the centre of the illicit cocaine trade, the toll of policemen murdered this year passed the 100 mark this week. Over the past decade more than 220 judges and magistrates have been killed.

The drugs traffickers hope to bully the state into offering them an amnesty; or at least to prevent their extradition to the US. Their limitless funds have subverted officialdom, infiltrated the upper echelons of the administration and paid for willing assassins. Equally disquieting is the murky alliance they have formed with right wing elements in the armed forces. On government estimates 70 per cent of political killings are directed against the left.

No one is safe. Mr Carlos Pizarro, the M-19 guerrilla leader and presidential candidate of the nascent leftist political movement, was shot in an aircraft cabin on a scheduled flight.

Mr Gaviria comes from the same Liberal Party as the outgoing President Virgilo Barco Vargas and served under him both as economy and interior ministers over the past four years, so a broad range of policies are likely to stay the same. On the economy there will be few surprises, he says.

"Colombia has been the only Latin American country with growth over the last decade averaging 5 per cent a

A heavily-guarded Cesar Gaviria, Colombia's president-elect

year . . . We have no need of shock programmes. We have a long tradition of gradualism and we will be following the general trend in the region of liberalising trade."

"The main difference will be one of style," says Mr Rodrigo Pardo, a Gaviria spokesmen. "He is decisive, cool and pragmatic with a great ability to project himself".

On the overriding issue of drugs, Mr Gaviria promises to introduce a key nuance. He distinguishes between "narco-terrorismo" and "narco-trafico". This distinction is aimed at isolating those traffickers who have carried out violent acts against the authorities from those who are simply involved in the illicit trade. The former, having deliberately challenged the state, must be brought to justice. The drugs business, on the other hand, although it entails a measure of violence, can nevertheless be treated as a socio-economic and political problem.

In practice this means that the 'war' will wind down if and when Mr Escobar and a handful of his henchmen are caught or eliminated. The circle is closing round him. Gonzalo Rodriguez Gacha, ('El Mexicano') who ran the Medellin cartel's military operations, was killed by the security forces in December.

Some Medellin cartel members have distanced themselves from Mr Escobar's tactics of mayhem because "it's bad for business". The rival Colombian cartel in the southern city of Cali is believed to be actively helping the authorities track him. Cornered, Mr Escobar could well self-destruct on a monumental scale, the authorities fear.

So far, heightened initiatives by the US and the Andean countries have made only a small dent in the supply of cocaine. The Colombian central bank reckons that drug money inflows since President Barco launched his 'war' last August have fallen a mere $80m and are still running at more than $700m a year. Mr Gaviria and his advisers insist Colombia cannot be expected to cut back cocaine production quickly, if the US can at best achieve only a slow reduction in its own citizens' demand for the drug.

Mr Gaviria is being driven to shift his thinking away from a military solution to the drugs problem by the sheer cost of the current conflict and the limited nature of international financial backing. Colombia is spending more than $1bn annually on security. Financing the 'war' has forced this year's budget deficit up to 2.3 per cent of gross domestic product and has raised inflation to what for conservative Colombia is the relatively high level of 30 per cent a year.

He has rejected negotiations with the traffickers; but members of the Barco administration have had 'contacts' as did the previous Betancur government. Colombian society remains extremely ambivalent towards drugs-trafficking, but there is outright condemnation of the way some of the key figures like Mr Escobar have got out of control. Such public attitudes encourage an informal modus vivendi between the government and the rest of the traffickers.

The power of the drugs barons can be weakened, Mr Gaviria's aides argue, by cleaning up the armed forces and putting new life into democratic institutions. In a separate referendum held alongside the presidential elections, 88 per cent of the voters endorsed the idea of holding a constituent assembly to discuss constitutional reform. Mr Gaviria has had considerable experience of dealing with Congress, and if astutely used, the constituent assembly could become an instrument to rejuvenate the political system, which has long been discredited by a power-sharing arrangement between the Conservatives and Liberals.

"It is a positive sign that the M-19 guerrilla movement has withdrawn from armed conflict and has joined the political process," says Mr Gaviria. Mr Antonio Navarro, the last minute substitute presidential candidate of M-19 following the death of Mr Pizarro, polled a healthy 12.5 per cent. Discussions are going on with at least two of the remaining five leftist guerrilla groups under arms. The changing international ideological climate is undermining the guerrillas; but they will forgo their quixotic mix of banditry and revolution only if the army is purged of right-wing extremists who have helped to sow terror in the countryside over the past decade.

Enormous faith is being put in the youthful energies of Mr Gaviria to reduce the pervasive climate of unaccountable violence. Yet he faces a daunting task when he takes office in August. To succeed, he must get Mr Escobar and his kind before they get him.

Farm ministers milk the mad cow scare

The BSE scare has exposed conflicts in the EC's bid to dismantle trade barriers, says **Tim Dickson**

The advances which the European Community has achieved towards a single market over the past two years owe much to the fact that agriculture ministers have quietly faded away.

Debilitating crises over farm spending disappeared from the headlines after February 1988, when heads of government "reformed" the Common Agricultural Policy (CAP), simultaneously voted Brussels a proper budget, and agreed to get on with the more important matter of knocking down barriers to trade.

This week's Farm Council marathon over BSE, or mad cow disease – 24 hours of negotiations in the drab Charlemagne building – revived memories of the "bad old days". The lesson of what has just happened, however, is not so much that there is a danger of the clock being turned back as that the 1992 agenda is still far from complete.

Mr Michael O'Kennedy, the Irish chairman of the Farm Council, pointed to the risks of forgetting this after Thursday's meeting. "All this high-sounding talk of political union," he said, "can only be based on a political agreement that recognises . . . the interests of member states."

Intoxicating events in Germany and eastern Europe, and the push which this has given to closer integration of the Community, have naturally preoccupied policymakers in Brussels of late. With almost biblical suddenness an animal scourge has now provided a reminder that resolution of commercial conflicts is still the Community's basic purpose.

Several ingredients have combined to make the BSE battle important for Brussels. The first is that as well as undermining EC law, the French, West German (and latterly Italian) bans on British beef appeared to question the principle of mutual recognition and trust on which the internal market edifice is being built.

Food has long been identified as an issue on which the whole effort might founder, given the political sensitivity not only of food safety but of food quality. The European Court of Justice, for example, has worked hard to enforce free trade over national food laws, defeating Germany's attempts to protect its drinkers from "impure" foreign beers and scuppering Italian efforts to keep out a West German pasta.

This week, however, the much more emotive safety question was in the spotlight. The European Commission's argument – strongly backed by the UK – was that the only sound basis for policy judgments is scientific advice, which is why Wednesday's meeting of the independent EC scientific veterinary committee ahead of the Farm Council proper assumed significance.

Not that scientific advice has always won the day when it comes to food. The Commission itself has been known to overrule expert recommendations in deference to political pressure: witness the long-running dispute over use of growth-promoting hormones in beef production. In the highly charged circumstances of the BSE debate, such pressure was irresistible, which is why ministers again went further than the experts said they needed to by introducing additional safeguards on British beef exports.

Insofar as such moves reflect genuine consumer concern, they should not cause too much controversy. Problems arise when, as in the case of the embargo on British beef, legitimate fears appear to be exploited for narrow national and commercial ends.

Fears that the beef row will spark further unilateral actions by individual member states are probably misplaced. But the EC will not find it any easier to establish a single market in animals and animal products after recent events. Its big challenge is to harmonise hygiene standards in food-processing plants and to eradicate animal diseases so that trade can flow safely between member states after 1992, when Customs checks are due to disappear.

Consumer safety is certainly one consideration in these talks, but so is the need to prevent disease among farm animals from spreading across frontiers. The more immediate question is whether the BSE scare can now be laid to rest. Brussels will certainly hope so, not least because falling beef prices have already triggered special EC market support, thereby reviving the expensive nightmare of food mountains.

Curiously, amid all the furore over BSE, the EC this week balked at banning the controversial practice which some suspect contributed to the problem in the first place: the feeding to cattle of animal wastes. UK experts believe these contain the slow-developing virus which has now emerged as "mad cow disease". The Commission has undertaken to examine how these feeds are made but a proposal to extend the present ban on their use in the UK, Denmark and the Netherlands across the Community was dropped at the insistence of the Belgians among others. It would be no surprise if European consumers were still somewhat confused.

LETTERS

Curbing bulls in the private investors' china shop

From Mr M.J. Hart.

Sir, I must challenge the suggestion in your editorial comment ("The future of investment trusts," June 7) that British Coal Pension Fund's bid for Globe does not raise issues of competition policy. This completely ignores the impact of the bid on the total structure of the savings market and the fact that investment trusts are in a period of transition.

After years of suffering from tax policies which favoured (and continue to favour) the institutional investor, they are now fighting successfully to regain the support of the private investor, a cause to which the present Government has given public support and commitment. We do not suggest that investment trusts should be bid-proof, merely that bidders with inordinate tax privileges should not act like bulls in the china shop of private investors.

The competition issue arises because investment trusts are the efficient low-cost producer of pooled equity management and their savings plans, in particular, are the most cost-effective product on the market. Although sales may only be running at a rate of £112m per annum, their growth rate has been spectacular. A successful bid for Globe could nip this growth in the bud by destroying credibility of investment trusts since the private investor is looking for a long-term investment, not a short-term speculation.

Investment trusts may not widely be seen as serious competition for other savings products, including building societies and endowment policies, but I suggest that their renewed vitality has not gone unnoticed in certain boardrooms.

And I could not help groaning at the repetition of several hoary old myths.

First, the confident assertion of a simple rationale for the discount – just apply it to other types of companies which sell at a discount to see that the argument does not hold water.

Second, that the discount is a drawback. It ain't necessarily so. Even with the discount going up and down, this has not prevented investment trusts being an excellent investment for both institutions and private investors. Your writer may be amazed to learn that some trusts have even beaten index funds and many well-known growth stocks. Globe may not have been a spectacular performer by the demanding standards of investment trusts but, on a 10-year view, it has out-performed the all-share index by 10 per cent.

M.J. Hart,
Chairman,
Association of Investment Trust Companies,
Park House,
16 Finsbury Circus, EC2

Bathing blues

From Mr Michael Carney.

Sir, David Thomas's report on the Blue Flag beach awards ("Call for pollution warnings," June 6) was one of the few accurate newspaper reports. However, even he tended to imply that we lag behind Europe on bathing water quality. This is not so.

Out of 401 designated bathing beaches, 304 meet the European Community's water quality requirements. So on water quality criteria, there could be 304 Blue Flag beaches in England and Wales.

The reason there are only 17 is that the remaining 287 either are not put in for the award or do not meet the other criteria. That is, they are not properly managed by local authorities, they do not have a dog ban or they are filthy with litter from the public or ships.

This is the "disgrace" referred to by Professor Ashworth. He was not referring to the water quality standards, rightly because bathing water quality is already up to EC directive requirements in 76 per cent of the designated beaches; and the others will be brought up to standard as soon as practicable.

The water companies plan to spend £12bn on improving waste water systems and treatment in the next 10 years. This is three times more than the £4bn spent in the last 10 years (both figures at 1989 prices). We cannot carry out such a massive programme any faster. After all, we do have the legacy of over 100 years of public ownership to put right.

So the main problem of Britain's beaches is not water quality, but beach management. It is essential now to focus on the real problem. Otherwise by the middle 1990s we will have clean bathing water and filthy beaches.

Michael Carney,
Secretary,
Water Services Association of England and Wales,
1 Queen Anne's Gate, SW1

Equal opportunities successes

From Ms Joanna Foster.

Sir, Fay Weldon's article ("Second among equals," May 26), though an informed assessment, does rather concentrate on the negative. It shows how expectations for women have run ahead of realities. But we should not underestimate the immense advances that have been made in the past 15 years. The legislation enforced by the Equal Opportunities Commission has both prevented the worst excesses of discrimination and developed many positive influences towards equality between the sexes.

The continuing gap between men's and women's earnings is a result of job segregation and the lack of women in senior posts. The equal value regulations should provide the means to narrow this gap. Their failure to do so is due to their complexity, which is why the EOC is pressing the Government to simplify them.

Despite its limited resources the EOC has achieved much through the innovative use of its legal powers. Discriminatory advertisements are all but eliminated and most schools are highly aware of equal opportunities. Most major employers have equal opportunities policies and the small number of formal investigations (14 not 10) is a measure of our success in persuasion.

More recently we, with others, have achieved separate taxation for married couples, removal of tax on workplace nurseries, and equal retirement and occupational pension ages. That should please at least one reader (Mr Clayton, Letters, June 2) and no doubt your other male readers.

Joanna Foster,
Chair,
Equal Opportunities Commission,
Overseas House
Quay Street, Manchester

From Mr Labi Siffre.

Sir, David Strawbridge (Letters, June 2) is correct in his response to Fay Weldon when he says you do not have to be female (or black) to work in a sweat-shop. But it helps.

Labi Siffre,
55 Fulham High Street, SW6

Why BES's days are numbered

From Mr George D. Mackenzie.

Sir, Kevin Goldstein-Jackson suggests ("Some home truths," May 26) that the days of Business Expansion Schemes are numbered. I agree.

When I first invested in BES six years ago I recognised that there would be failures and successes, but hoped that overall I would recover at least my gross investment and so retain my tax relief. Now that the early schemes are maturing I find that indeed I have suffered failures, but that many of the successful companies are reluctant to pay out. Suddenly they want to claim extra sponsors' shares, directors' options, staff incentive schemes and other ways of retaining much of their shareholders' profits.

One BES company purchased what it described as a valuable asset and, 12 months later, proposed selling it to the managing director for less than the cost and with payment deferred for two years. Another revalued its properties and then altered its articles to increase the directors' share incentives from 30 per cent to 33 per cent of the profits – and that two years earlier than originally proposed. In general, having held shareholders' funds undisturbed for five years, many boards have forgotten whose company it is.

Also, some recent prospectuses seem detached from reality. It is difficult to be enthusiastic about proposals to breed goats, farm scallops, or run cruises to the Hebrides. And I am reluctant to invest £40,000 in a company with a 22-year-old finance director who likes to be known as Mike.

Finally, if most people, like me, hope for no more than to retain their BES tax relief, the same effect can now be obtained, without risk, by paying one's 40 per cent income tax and then investing the remaining 60 per cent in gilts to build it up to 100 per cent in five years. But if sponsors are looking for reasons why investors are becoming less interested in BES, much of the blame lies with themselves.

George D. Mackenzie,
11 Bcrony Park,
Kelso, Roxburghshire

Manchester Grammar School's old boys and the sweet moans of success

From Mr Alexander Connock.

Sir, David Waller argues ("The religion of success," June 2) that the old boys of Manchester Grammar School tend all too often to make the perfect tax lawyers and auditors, and as FT accountancy correspondent, he should know. But I'll disagree with him anyway.

Like Mr Waller, I too went to MGS, in fact we used to get the same school bus. My problem with his piece is that it is all very well to moan about a school's worship of the religion of success if, like Mr Waller, you are successful.

I am sure we would both have enjoyed a more relaxing academic environment. Life classes would indeed have been fun. And I would have loved to learn "how to begin and end relationships with members of the opposite sex" – it would have been useful for the school bus.

But since in the real world most of us are unable to make a living as painters or gigolos, we have to ingratiate ourselves to conventional employers who tend to demand conventional niceties like A-levels and university degrees. I bet the FT would not have given Mr Waller a job if he had walked into the interview with nothing but a highly creative poem-novella and a long list of sensitively concluded love affairs.

MGS gives boys a basic education and gets them to university. This is not done out of some quasi-religious fanaticism – it is pragmatic. Like it or not, people who went to Oxbridge have more job opportunities in modern Britain than people who did not.

Alexander Connock,
243 East 81st Street,
New York

UK COMPANY NEWS

Registration in US being sought to enable shareholders there to take up their rights

Attwoods calls for £82m to eliminate debt

By Clare Pearson

ATTWOODS, the waste disposal company which has much of its business in the US, is making an £82m cash call on shareholders to eliminate its debt burden and free it to press ahead with international acquisitions.

Up to 21.54m new ordinary shares are being offered to ordinary shareholders on a one-for-four basis. They are also being offered to holders of Attwoods' convertible preference shares in the proportion of one for every 14.28.

After seeing lower levels earlier in the day, Attwoods' share price yesterday closed just 2p lower at 476p. This compared with a rights issue price of 390p.

In a highly unusual move, Attwoods is seeking a registration with the US regulatory authorities to enable its US investors, who account for nearly 20 per cent of the share capital, to take up their rights.

Attwoods believes it is the first UK company making an underwritten rights issue to go through the complicated process of filing a registration under the US securities legislation – a necessary step for the issue to go ahead there.

Laidlaw, the Canadian waste management and school bus company which holds 36.9 per cent of the fully-diluted share capital, has said it will take up its rights in full.

Mr Ken Foreman, chairman, said this was Attwoods' first rights issue since November 1984. Reflecting its rapid expansion in recent years, the company last month had net borrowings of about £80m, making it nearly 100 per cent geared.

At the same time it has been hatching plans to keep up the pace of its acquisitions with three further purchases, worth about £30m. These are of a minority interest in a UK privately-owned company and two landfill sites in Florida and Maryland.

The company said it estimated the $25bn (£15bn) solid waste market in the US, which currently provides about 75 per cent of the Attwoods group, could grow by up to 20 per cent a year. It also sees further opportunities in the West German market, which now contributes about 15 per cent of its business.

Attwoods also revealed yesterday it had decided to abandon the $30m acquisition of National Waste Disposal, a New Jersey-based company, after year-long negotiations. This company had failed to meet certain conditions, it said.

Attwoods made pre-tax profits of £11.43m (£8.51m) on sales 69 per cent up at £105.12m in the half-year to end-March.

See Lex

USH returns to the black with £0.5m and plans US disposal

By Jane Fuller

UNITED Scientific Holdings, the defence equipment maker in which IEP Securities, the investment vehicle of Sir Ron Brierley, has a near 29 per cent stake, made a pre-tax profit of £550,000 in the six months to March 31.

The group, which was dropped by the engineering specialist Meggitt last year because of huge losses at its Taunton plant, returned to the black after a £5.5m pre-tax loss in the corresponding period of 1988/89.

It also announced the proposed sale of Optic Electronic Corporation, of Dallas, to another US concern, Imo Industries, for $41m (£24m).

The deal is subject to the approval of the Federal Trade Commission, which turned down OEC's sale to Imo, at $65m, during last autumn's bid battle with Meggitt.

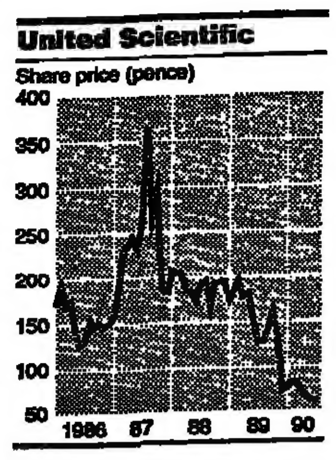
Mr Nick Prest, USH's chief executive, said the OEC sale was likely to go through this time because the FTC had been concerned about a lack of competition for a particular US Government contract for night vision equipment, which had now been awarded.

OEC's failure to get that contract and the worsening outlook for the defence industry lay behind the price cut.

After some reductions, including "golden parachutes" for the OEC directors, USH should gain $35m cash and get rid of $10m OEC borrowings. The proceeds would be used to reduce group debt.

OEC made a pre-tax profit of $5m on sales of $68m last year. In September its net assets stood at $30m. USH shareholders will have to approve the deal.

In the first half of this year, group sales rose by 53 per cent to £73.08m. They were pushed up by deliveries of Alvis light tanks to Venezuela and by TOGS electronic sights (one of the problem fixed-price Ministry of Defence contracts) from Avimo Taunton.



A trading profit of £2.5m compared with a near £5m loss last time. Avimo Taunton incurred an operating loss of nearly £1m whereas other parts of the group were trading profitably, said Mr Prest.

The biggest contributor to profit was Alvis, followed by OEC. Avimo Singapore only contributed £500,000 pre-tax, compared with £1.8m.

Interest costs more than trebled to £1.96m (£590,000). With net borrowings of about £32m, gearing stood at 45 to 50 per cent.

The loss per share after taxation, minority interests and preference dividend was 2.5p (loss of 13.1p).

An interim dividend of 0.5p will be paid.

The share price shed 3p to close at 61p. This compares with 144p for Meggitt's partial cash alternative.

Nick Prest: OEC sale likely to go through this time

● COMMENT

After last year's disaster story, which frightened off Meggitt, it is no suprise – against a background of a flagging defence industries in the UK and US – that recovery is-proving slower than some hoped. The most positive information is the (hopefully) probable sale of OEC and the promise of other disposals in France and Egypt. From mid-1991, debt should be further reduced as the dreaded duo of MoD contracts at Avimo Taunton come to an end. The soundest parts of the business are Alvis, in Coventry, and Avimo Singapore, each of which has nascent civil activities. Pre-tax profit this year depends partly on what can be clawed back from the Avimo debacle. About £3.5m is forecast, with minimal earnings. The share price is supported by net asset value – Mr Prest's figures give roughly 120p per share – and by the possibly predatory intentions of IEP.

Portsmouth & Sunderland up in spite of warning in February

PORTSMOUTH & Sunderland Newspapers, the publishing, printing and retailing company, managed to overcome the warning of lower profits it issued in February and has lifted profits for the year to March 31, albeit by only 2 per cent.

The taxable result rose from £5.75m to £5.86m, but the company said the squeeze on consumer spending particularly in the south of England, had made it a more difficult period after three years of growth when profits quadrupled.

However Sir Richard Storey, chairman, added that it was pleasing "to be able to report good results and continuing development despite the more difficult trading conditions."

Turnover was up 13 per cent to £81.2m (£71.72m) while earnings per share advanced 26 per cent to 35.9p (28.5p) thanks to a a substantially lower tax charge of £1.39m (£2.16m) which arose from the resolution of the tax position on the partnership losses at Croydon Cable Television.

The directors have proposed raising the final dividend to 5.64p (5.35p) to make 7.9p (6.86p) for the year.

In the publishing division, advertising revenue rose 2.2 per cent across P&SN's paid-for and free newspapers. Revenue from newspaper sales was up 5.3 per cent and from publishing overall by 3.4 per cent, to £44.1m. Revenue from printing increased 15 per cent to £12.5m. Combined trading profits of the two divisions fell 11 per cent to £4.03m (£4.54m).

P&SN said that its convenience stores had proved more resilient than many other retailers in the depressed market conditions. In the year 13 new stores were opened, against 7 last time, to make a total of 59. Trading profits in the division were up 10 per cent to £816,000 (£744,000) on turnover up 24 per cent at £26.5m (£21.38m).

Net investment income more than doubled to £1.02m (£466,000).

At the year-end, the company had no borrowings, £4.2m on the money market, and further investments valued at £10m. In April it acquired the Citizen series of free newspapers from EMAP for £1.5m.

Below the line there were extraordinary credits totalling £3.56m (£808,000) most of which were post-tax profits arising from the Press Association's distribution to its members of Reuter shares.

Sir Richard: pleased to be able to report good results

Japanese bid £19m for Triefus

By Nikki Tait

THE FIRST non-agreed bid by a Japanese group for a UK company surfaced late yesterday afternoon as Asahi, a Japanese precision equipment manufacturer, unveiled a £19m cash offer for Triefus.

Its target is a small diamond tool maker based in Crawley, Sussex. Asahi, a much larger group whose own market capitalisation stands at some £700m, has held a stake in Triefus since 1984 and already has one boardroom seat.

However, yesterday's bid was triggered when the Japanese group acquired the other major block of shares – a 21.62 per cent holding – from Lieber & Solow, a New York diamond merchant.

Added to its own 28.16 per cent interest, this took it over the 30 per cent mark and triggered a full bid.

News of the offer, pitched at 178p a share – the same price Asahi paid for the US-held shares – came at around 6pm, well after the stock market's close. Triefus shares had been trading at 133p.

According to Asahi's advisers, the Japanese company only contacted other Triefus directors after the agreement with the company's US shareholder was signed.

No one was available to comment at the company itself, but Triefus' brokers said that there was no response at this stage.

Asahi already owns five acres of land in Crawley, where it wants to build a factory to make diamond tools not manufactured by Triefus.

'Satisfactory' £5.42m profit posted by Wintrust

WINTRUST, the independent London-based merchant bank, made record profits in the year ended March 31 1990, a "particularly satisfactory" result considering the continuing deterioration in the financial climate, claimed Mr Richard Szpiro, the managing director.

Profit before tax rose 12.5 per cent, from £4.82m to £5.42m, while earnings moved up 15 per cent to 37.01p (32.09p). The final dividend is 5.9p for a total of 8.7p (7.8p).

Mr Szpiro was confident about the group's prospects, taking into account the strong balance sheet, the quality of the loan book and the strength of management.

Group assets were up to £180m (£170m): liquid assets accounted for 39 per cent.

Ramus shares fall 13p after warning of loss

By Andrew Bolger

SHARES in Ramus, the USM-quoted ceramic tile, kitchen furniture and sanitaryware distributor, fell by 13p to 68p after it warned of a loss in the second half of its financial year, which ends on June 30.

Ramus said that as a result of the continuing depressed state of the housing and home improvement markets, demand for its products had remained below anticipated levels.

Positive steps had been taken to enhance sales and achieve significant cost-cutting and efficiency, but the major benefit would not be reflected until next year's results. The workforce has been reduced from 430 to 380, largely by natural wastage.

However, the directors said they remained confident of the strength and quality of the Ramus business, including its two new Scottish units.

Ramus made a pre-tax profit of £1.26m on turnover of £51.67m in the year to June 30 1989. In the first six months of this year, profit fell from £801,000 to £34,000.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Dwyer ....int	1.5	Aug 3	1.5	-	4
Heavitree Brew ....int	0.6	-	0.6	-	3.05
New Throgmorton ....fin	6	-	4.75	8	6.5
P'mouth & S'land .....fin	5.64	July 30	5.35	7.9	6.66
RCO Holdings ....int	3.5	-	2.7	-	8.1
Utd Scientific ....int	0.5	Oct 2	nil	-	2
Willoughby's ....int	1	July 26	3	-	6
Wintrust ....fin	5.9	Sept 28	5.3	8.7	7.8
Yorkshire Radio§ ......int	1.5	-	-	-	3

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ¶Third market.

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Am'nt Paid up	Latest Renunc Date	1990 High	1990 Low	Stock	Closing Price p	+ or -	Net Div.	Times Cov'd	Gross Yield	P/E Ratio
-	F.P.	-	130	110	ABI Leisure 10p	130		R4.7	3.3	4.8	8.5
150	F.P.	-	50	47	Castle Cairn Inv.	47		-	-	-	-
-	F.P.	-	20	11	Do Warrants	17	-2	-	-	-	-
100	F.P.	-	98	91	Dartmoor Inv. Tst. 10p	97		K9.75	-	13.4	-
50	F.P.	-	49	47	EFM Java Trust	48		-	-	-	-
-	F.P.	-	26	18	Do Warrants	26		-	-	-	-
-	F.P.	-	46	29	First Philippine Inv. Tst.	31		-	-	-	-
-	F.P.	-	22	10	Do Warrants	12	+1	-	-	-	-
-	F.P.	-	14	7	Fisher (Albert) Wrnts.	8		-	-	-	-
500	F.P.	-	99	95	French Property Tst	99		-	-	-	-
-	F.P.	-	39	32	Do Warrants	38		-	-	-	-
135	F.P.	-	145	132	Invergordon Distillers 10p	142	-2	b5.0	2.3	4.7	12.5
500	F.P.	-	505	500	Jupiter Euro Inv Units	500		-	-	-	-
-	F.P.	-	31	21	Paribas French B Wrrnts	31		-	-	-	-
644	F.P.	-	93	84	Proteus Intl	92		-	-	-	-
§100	F.P.	-	102	95	Scot. Select. Growth Tst	101	-1	-	-	-	-
-	F.P.	-	38	30	Do. Warrants	37	-1	-	-	-	-
¶	F.P.	-	215	200	Wiggins Teape Appleton	210	-2	u8.35	2.0	5.3	11.0

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1990 High	1990 Low	Stock	Closing Price £	+ or -
100	F.P.	-	101	90	‡Bluebird Toys 12pc Cv. Uns. Ln. 2005	96	+3
102.45	F.P.	-	108¼	102½	Dartmoor Inv Tst 6¼pc RPI-Lnk Db 2005	108¼	
¶	F.P.	-	86p	83p	European Leisure 8.75p (Net) Cv Rd Pf	86p	
120p	F.P.	-	113p	96p	Hepworth Cap Fin 11¼pc Cv. Bds 2005	113p	+1
100p	25p	-	42p	26p	Reckitt & Colman 9.5pc Cv Bds 2005	41½p	-½
100p	F.P.	-	105p	96p	Wyndham Group 9.375pc Cm.Pf	98p	
-	F.P.	-	55p	35p	York Trust 8.5p (Net) Rd.Cv Pf 20p	43p	+2

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1990 High	1990 Low	Stock	Closing Price p	+ or -
100	Nil	25/6	5pm	½pm	‡Allied Leisure	5pm	+2
45	Nil	-	8pm	5½pm	Amber Day	5½pm	-1
70	Nil	11/7	1¼pm	½pm	Anglia Secure Homes	1pm	-0¼
86	Nil	-	15pm	14pm	Ashley Group	14pm	-1
425	Nil	-	105pm	87pm	Bowater	95pm	
£11.5	Nil	20/6	28pm	2½pm	Child Health Res. Units	2½pm	-1½
33	Nil	25/6	6pm	3pm	Ex-Lands	3pm	
425	Nil	24/7	118pm	104pm	Laporte	111pm	-3
248	Nil	-	44pm	30pm	Morgan Crucible	43pm	+8
41	Nil	13/6	8pm	6pm	Petrocon	7pm	-1
121½	Nil	-	2pm	1½pm	SI Group 5p	1½pm	
†135	Nil	11/7	43pm	35pm	‡Tullow Oil	35pm	-3
†150	Nil	3/7	18pm	10pm	‡Wardell Roberts	18pm	
†40	Nil	-	4pm	4pm	‡Xtra-Vision	4pm	

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. q Earnings based on preliminary figures. s Dividend and yield exclude special payment. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1990-91. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1990. N Dividend and yield based on prospectus or other official estimates for 1989/90. Q Gross. R Forecast annualised dividend cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ¶ Issued by tender. ‡ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ‡ Unlisted securities market. * Third Market. S Units comprising 11 new ord. & 2 warrants. ♦ Issued in connection with reorganisation, merger or takeover.

TRADITIONAL OPTIONS

- First Dealings June 6
- Last Dealings June 15
- Last Declarations Sept 6
- For settlement Sept 17

For rate indications see end of London Share Service

Calls in **Aviva Pet., Gaelic Res., Ivernia West, London Securities, Saatchi & Saatchi and Tuskar Res.** Put in **Mecca Leisure.** Put and call in **Saatchi 6.3pc Cnv. Prf.**

Tumble of 56% to £1.1m at Monks & Crane

By Maggie Urry

Monks & Crane, USM-quoted distributor of industrial and building tools and equipment, yesterday reported a 56 per cent fall in pre-tax profits for the year to end-March, from £2.5m to £1.1m.

In April the group recommended shareholders to accept a 93p per share cash bid from Würth, a West German nuts and bolts supplier, valuing it at £16.7m. Würth has so far won votes of 42.2 per cent of M&C through acceptances from directors and Sumit, M&C's venture capital backers, and share purchases, and with outside acceptances, the bid is likely to go unconditional on June 20.

Group sales rose slightly during the year, from £46.6m to £47.3m, but profits were squeezed by competition for market share and operating profits fell 29 per cent to £1.8m. Earnings per share fell from 9.4p to 4.2p. At the 93p bid price the exit multiple is 22.1 times.

Dwyer halved to £0.59m

DWYER, the property investor, was "pleased to remain profitable" in the half-year to March 31 1990, said its chairman Mr Desmond Bloom.

He attributed this to the company's cautious approach to operations, and reported a pre-tax profit of £586,000 for the period, compared with £1.38m last time. Opportunities for dealing were greatly diminished at present and the company was therefore relying on its high quality rental income, he explained.

In the period, rental income rose 29 per cent to £2.84m (£2.2m). At the other end, trading profits were only £183,000 (£1.08m), while finance costs moved up to £1.88m (£1.59m).

In view of the performance, the interim dividend is again 1.5p. Total borrowings were at levels with which "we are completely comfortable", with gearing of 52 per cent at the half year. After tax of £205,000 (£485,000), earnings per share were at 0.64p (7.04p) basic and 2.22p (6.93p) fully diluted.

The geographic spread of the portfolio throughout the UK should enable values to hold up well, Mr Bloom said.

Exceptionals cut Heavitree profits

A fall in pre-tax profits from £528,000 to £285,000 was announced by Heavitree Brewery for the half year ended April 30. The group rents out public houses in Devon.

The directors said the underlying trading position was healthy, however, as there were a number of exceptional and non-recurring costs which totalled £271,000. Also, a £62,000 profit from the sale of a lease boosted the result last time.

An unchanged interim dividend of 0.6p is declared, payable from earnings per share of 1.3p (3.9p adjusted).

Turnover for the period edged ahead from an adjusted £2.91m to £3m. Trading profits of the holding company were a lower £452,000 (£585,000).

The exceptional costs included a special centenary bonus to staff and pensioners of £52,000, and extra costs of repairs amounting to £80,000.

Swedish debt agency for London

By Clare Pearson

The LONDON stock market is gaining an unusual new recruit with the arrival of Intrum Justitia, a Swedish group which claims to be Europe's largest debt collection and credit management company.

Intrum is raising about £10m via a placing of shares at 81p each. At this price the company, which already has its shares listed in Luxembourg, has a market capitalisation of about £83m.

London dealings are scheduled to commence on Monday.

The historic p/e at the placing price is 15. In 1989 Intrum made pre-tax profits of £4.84m (£2.84m) on turnover of £37m (£25.07m).

Mr Bo Goranson, the chairman, said the main aim of the listing was to "promote the importance of debt collection as a substantial and growing market."

The company also hopes to gain greater flexibility in financing acquisitions.

Intrum operates in 13 countries and claims over 30,000 customers. Following its acquisition last year of Unicol, a London-based debt recovery and export insurance concern, it claims it is already the biggest player in the UK debt collection market.

Last month publishing a study highlighting poor credit discipline in the UK, the company sees Britain as a fertile area for its services.

Sponsor to the introduction and placing is J.S. Gadd, the financial services concern headed by Mr Staffan Gadd, who also sits on Intrum's board.

Astra close to selling PRB for one franc

By Lucy Kellaway in Brussels

ASTRA HOLDINGS, the UK munitions company, is close to clinching the sale of Poudreries Réunies de Belgique, its troubled Belgian subsidiary, to two French companies.

A letter of understanding was believed to have been signed yesterday between the two sides under which Astra would rid itself of PRB for just one franc. It bought the company last September for a total of £21m from Société Générale de Belgique, but then said it had discovered losses of £12m for the year when a £2m profit had been expected.

The two French munitions companies – Groupement Industriel de l'Armement Terrestre and Société Nationale de Poudres et d'Explosifs – have imposed a series of conditions on the takeover, and have said they would need more financial information to make sure the company was viable.

The interest of the French buyers is critical to the decision by PRB's main bankers on whether to extend a Bfr550m (£9.36m) loan, without which the company would be insolvent.

The extention of the loan, allowing PRB to continue to operate until September, now seems most unlikely to be refused.

Panel clears Rank's £537m bid for Mecca

By Vanessa Houlder

Rank Organisation's £537m bid for Mecca Leisure is going ahead after the Takeover Panel ruled that Rank's offer fell within the City takeover code.

Rank's offer was conditional on the Panel ruling that Mecca's preference shares were not regarded as equity share capital because the Rank offer for the preference shares was higher than the equivalent for Mecca's ordinary. The pre-condition has now been satisfied.

The terms are one Rank for every nine Mecca and three new 8.25p conv cum red pref of 20p in Rank for every four 7.25p Mecca conv cum red pref.

Shandwick in £6.2m Spanish buys

By Alice Rawsthorn

SHANDWICK, the world's largest public relations group, is expanding its interests in Spain by buying two PR consultancies for up to £6.2m.

The group has agreed to buy RP, a consultancy in Barcelona, for an initial £1.6m and further performance-related payments which could increase the final purchase price to £3.4m. RP, which employs 25 people, made pre-tax profits of £221,000 in 1989.

Shandwick is also buying Bubbels in Madrid, which made pre-tax profits of £136,000 last year. That will cost an initial £900,000 and performance-related payments of up to £1.9m.

The acquisitions form part of Shandwick's strategy of filling the gaps in its international network of PR consultancies. It has had a trading relationship with RP and Bubbels for several years but, before these deals, it did not have any equity investments in Spain.

After these acquisitions Shandwick will be among the three largest PR consultancies in Spain. The market for marketing services has been extraordinarily buoyant in recent years reflecting the growth of the economy. Shandwick is the latest in a long line of UK and US communications companies to have made acquisitions in Spain.

Shandwick will finance the initial payments through a placing of 2.25m shares, organised by Morgan Grenfell, which will raise around £2.97m. Its share price fell by 4p to 133p on the announcement yesterday.

Mr Anthony Stoddard, group managing director, said Shandwick, which has just opened an office in Indonesia, was committed to making more strategic acquisitions along the lines of the Spanish deals. It plans to expand in political lobbying in the US and in mainstream public relations in South Korea and Taiwan.

Sketchley sells arm to THF offshoot

By Andrew Bolger

SKETCHLEY, the industrial services group which recently escaped two hostile takeover attempts, has sold its contract catering business to Gardner Merchant, the contract catering division of Trusthouse Forte, the hotel and leisure group.

Gardner Merchant is paying £2.6m in cash for the business, Sketchley Catering Services, which made an operating profit of £400,000 in the year to March 30.

Gardner Merchant is a great rival of Compass Group, the contract catering and industrial services company which in April abandoned its £88m bid for Sketchley after the appointment of a new management team was supported by Sketchley's major institutional shareholders. At the beginning of March Godfrey Davis, the car-dealing and laundry group, withdrew its £126m offer for Sketchley after taking fright at its reduced profit forecast.

Securities watchdogs asked to intervene in UK company's scheme to win control of Canada Packers

Hillsdown bid violates ethical standards say Canadian brokers

By Bernard Simon in Toronto

TWO CANADIAN brokerage firms have asked securities watchdogs to intervene in Hillsdown Holdings' bid for control of Canada Packers, the country's leading food processor, on the grounds that the Hillsdown proposal circumvents rules protecting minority shareholders and violates numerous ethical standards.

Loewen Ondaatje McCutcheon & Co, a Toronto brokerage, said in a statement on behalf of unidentified institutional clients that the deal outlined by Hillsdown last month to gain a 56 per cent stake in CP "is the type of transaction which the Ontario Securities Commission has expressed its long-standing concern about affecting the integrity of the capital markets."

Another firm, Pollitt Bertrand and Hart, which claims to represent holders of about one-fifth of CP's shares, has voiced similar criticism and has begun to solicit proxies for the June 26 shareholders' meeting called to approve the sale.

Hillsdown plans to gain control of CP by exchanging its 100 per cent interest in another Canadian food processor, Maple Leaf Mills, for 29.5m CP common shares.

This will be followed by a public offer for 7.2m CP shares at C$16.5 each. CP's largest shareholder, the McLean family of Toronto, has agreed to tender its 28.6 per cent stake to Hillsdown.

The two securities firms contend that the deal has deliberately been structured as a "sale-of-assets" transaction to require the approval of only a majority of shareholders.

They say it should be treated as an amalgamation which requires a two-thirds margin of approval, or a cash and share exchange, which needs a 90 per cent shareholder acceptance.

The two firms have raised a number of other objections, including the valuation of CP and Maple Leaf Mills, inadequate disclosure, and a possible conflict of interest on the part of the securities firm which valued CP.

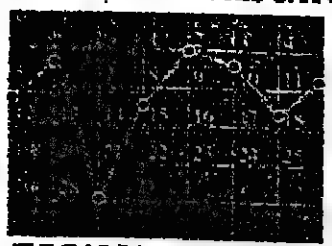
They are strongly critical of an independent committee of CP's board for not giving more serious consideration to splitting up CP among various buyers.

In particular, LOM asks why the transaction values Maple Leaf at 1.95 times book value, while CP is valued at 1.1 times book. It adds that the terms of CP's purchase of Maple Leaf, at more than 16 times 1989 earnings and 10.2 times cash flow, are "very high prices to pay for a food processing company."

LOM has taken the unusual step of publicly criticising Canada's biggest securities dealer, RBC Dominion Securities, which acted as financial adviser to the committee of independent directors and helped put together the Hillsdown bid.

"How can DS assess independently for the independent committee the financial merits of the transaction they initiated or developed?" LOM asked in its statement.

The OSC has yet to respond to the objections.



ECONOMIC DIARY

TODAY: Mrs Margaret Thatcher, Prime Minister, visits Kiev. Mr Lothar de Maizierie, East German Prime Minister, begins four-day trip to the US, where he will meet Mr George Bush, US President, in Washington on June 11. Meeting of four war-time allies and East and West Germany in East Berlin. Lecture at London School of Economics entitled "Management in the nineties in a context of contradictions: resisting nationalisms, drive towards globalisation, European integration" by Dr Umberto Agnelli.

TOMORROW: Bulgarian elections. Peruvian presidential elections.

MONDAY: Retail sales (May-provisional). Producer price index numbers (May-provisional). Capital issues and redemptions (May). British Steel preliminary results. Warsaw Pact defence ministers meet near East Berlin (until June 15). European Coumminity agriculture council meets in Luxembourg. European Parliament in plenary session in Strasbourg (until June 15). European Community finance ministers meet in Luxembourg. Sentencing of Mr John Poindexter, former National Security Adviser, found guilty of lying to Congress

TUESDAY: International banking statistics (first quarter). US current account (first quarter). Start of two-day Financial Times conference on "The publishing industry in the 90s" in London.

WEDNESDAY: UK balance of payments (first quarter). European Community consumer affairs council meets in Luxembourg. US retail sales (May).

THURSDAY: Labour market statistics: unemployment and vacancies (May-provisional); average earnings indices (April-provisional); employment, hours, productivity and unit wage costs; industrial disputes. Provisional figures of vehicle production (May). Ministers from France, West Germany, and the Benelux countries meet in the Hague to try and finalise Schengen accord scrapping border controls.

FRIDAY: Usable steel production (May). Retail prices index and tax and price index (May).

LONDON TRADED OPTIONS

THE EQUITY futures market gave up early gains to close lower on the day, while in the options market turnover continued to decline.

In the first hours of the session, however, the June FT-SE 100 index contract followed the pattern of recent days and moved sharply higher as a squeeze developed.

At one stage it was 46 points above the cash index and more than double fair value.

But after the initial gains the market lostmomentum and volume dried up. From then on, prices swung erratically within a wide range, until Wall Street gave a clear lead.

During the afternoon, the futures market followed US equities lower with June eventually closing at 2,391, down 34 points on the day. The premium over the cash market closed at 25 points, compared with 41 in the previous session.

Dealers said the lack of economic statistics and the end of the latest stock-market account period had contributed to the directionless tone.

In the traded options market, dealing was subdued with overall turnover declining to just 22,796 contracts, compared with 38,888 the previous day. Traders said the slacker pace of business on the stock market and also the end of the account period were the main reasons for the lack of interest.

The FT-SE 100 index options were the busiest, trading 5,273 contracts. Yesterday's total was divided between 3,125 calls and 2,148 puts. The June 2,400 calls, on 1,061 contracts, were the most active.

Among the stock options, the busiest were United Biscuits, which traded 2,403, and was divided between 2,012 puts and 391 calls. The most active were the October 330 calls, which traded 2,000 contracts.

Rolls-Royce traded a total of 1,352 lots, which comprised 952 calls and 400 puts. The September 240 calls were the most active, as 425 lots changed hands. Other active stocks included Hanson and Amstrad.

Option		Calls Jul	Calls Oct	Calls Jan	Puts Jul	Puts Oct	Puts Jan
Allid Lyons (*512)	500	33	52	67	13	18	21
	550	10	26	42	45	45	45
	600	4	15	22	90	90	90
ASDA (*116)	110	11	14	20	4	7½	9
	120	5½	9	14	8½	12	14
	130	2½	–	–	17	–	–
Brit. Airways (*210)	200	16	24	29	3	6	8
	220	5	14	18	12	16	17
	240	1½	–	–	31	–	–
SmKl Beecham A (*551)	550	23	43	60	13	22	27
	600	6	21	–	50	32	–
	650	1	–	–	100	–	–
Boots (*296)	280	44	50	59	1	2	4½
	300	25	34	43	2½	5½	8
B.P. (*319)	300	25	36	43	2½	5½	8
	330	6	15	24	12	18	23
British Steel (*148)	140	10½	12	15½	3½	4½	6½
	160	1	3½	6½	18	18½	19
Bass (*1046)	1050	47	90	107	17	28	47
	1100	22	60	82	47	55	65
C & Wire (*551)	550	20	44	63	20	28	31
	600	5½	–	–	57	–	–
Courtaulds (*338)	330	–	–	44	–	–	14
	357	7	–	–	21	–	–
Com. Union (*511)	460	61	71	88	3	8	11
	500	30	43	62	11	17	22
	550	7	20	–	42	46	–
GKN (*395)	390	18	29	44	9	19	21
	420	7	15	29	27	33	35
	460	2	6	–	67	67	–
Grand Met. (*657)	550	118	127	147	1½	4	7
	600	70	85	110	4	11	16
	650	31	50	73	16	24½	34
I.C.I. (*1216)	1150	92	117	157	10	22	30
	1200	55	84	123	22	42	47
	1250	27	57	92	48	67	70
Kingfisher (*343)	300	47	56	68	2½	7	10
	330	22	32	43	7	12	15
	360	8	16	28	24	26	30
Ladbroke (*325)	300	33	48	55	3	6½	10
	330	11	26	36	13	18	22
Land Secur (*509)	500	15	36	50	18	25	28
	550	2½	15	28	60	62	64
M & S (*228)	220	15	26	31	4½	7	8
	240	5	13	19	18	17	18
STC (*277)	260	26	36	40	5	10	14
	280	12	23	35	12	19	21
Sainsbury (*284)	280	14	26	34	5½	9	12
	300	5	15	23	17	19	20
Shell Trans. (*455)	420	47	60	75	3	7	10
	460	14	28	45	13	21	25
Storehouse (*126)	120	10	16	20	5½	6½	9
	130	4½	10	15	10	11	14
Trafalgar (*315)	300	27	40	45	5	12	16
	330	9	24	28	22	27	30
Utd Biscuits (*352)	330	29	41	51	3½	9	10
	360	10	20	31	14	20	21

Option		Calls Jul	Calls Oct	Calls Jan	Puts Jul	Puts Oct	Puts Jan
Unilever (*693)	650	57	80½	100	6	13	15½
	700	20½	47	68½	19½	30½	34
Ultramar (*344)	330	25	37	52	7	13	17
	360	9	22	33	22	26	28

Option		Aug	Nov	Feb	Aug	Nov	Feb
Brit. Aero (*540)	500	63	75	95	7	15	20
	550	30	43	65	25	33	38
BAA (*424)	420	19	36	46	18	25	28
	460	7	18	26	43	48	52
BAT Inds (*655)	650	–	–	68	–	–	37
	687	13	32	–	45	55	–
BTR (*436)	420	37	45	60	9	16	19
	460	12	24	38	29	35	37
Brit. Telecom (*288)	280	16½	26	33	8½	10	13
	300	5½	15	22	20	21½	25
Cadbury Sch (*346)	330	32	42	54	8	12	14
	360	14	25	35	20	25	27
Guinness (*778)	750	60	82	107	10	22	28
	800	27	52	77	38	45	50
GEC (*213)	200	21	23	29	6	7	10
	220	6	12	17	17	18	19
Hanson (*246)	240	14	23	27	6½	9	13
	260	4½	12	16½	21	21	24
LASMO (*386)	367	40	50	–	8	12	–
	390	–	–	52	–	–	25
P. & O. (*625)	600	47	61	77	8½	18	20½
	650	18	32	48	32½	42	44½
Pilkington (*204)	200	9	18	25	13	16	17
	220	4	8	16	29	30	32
Polly Peck (*454)	420	–	–	78½	–	–	14½
	460	23	41	53½	19	25½	29½
Prudential (*226)	220	19	25	32	6	10	13
	240	9	14	21	17	20	21
Racal (*214)	200	22	31	38	7	9	10½
	220	10	19	27	16	18	20
R.T.Z. (*583)	550	55	70	89	7	14	18
	600	20	38	59	30	37	40
Scot. & New (*333)	330	18	30	38	17	23	27
	360	6	18	25	38	40	45
Tesco (*225)	220	16½	21½	27	6½	9½	10½
	240	7	11½	16½	18½	20½	21
Thames Water (*147)	140	11	13	19	8	8	12
	160	3	5	11	24	24	27
Water Hldg Plg (*1510)	1500	70	90	130	125	135	150
	1550	40	70	110	165	165	220

Option		Jul	Sep	Nov	Jul	Sep	Nov
Ferranti (*42)	40	4	6	7	2½	3	4
	45	2	–	–	5	–	–

Option		Jun	Aug	Oct	Jun	Aug	Oct
Reuters (*1203)	1150	61½	103	139	5½	24½	39½
	1200	27	70½	108	21	44	55½

Option		Jun	Sep	Dec	Jun	Sep	Dec
Abbey Nat. (*205)	200	9	17	23	2	8	10
	220	1	8	13	17	19	20

Option		Calls Jun	Calls Sep	Calls Dec	Puts Jun	Puts Sep	Puts Dec
Amstrad (*72)	70	4½	10	13½	2	5	7½
	80	1½	5	8½	9	10½	12
Barclays (*400)	393	12	29	40	4	18	20
	429	2	13	23	33	38	38
Blue Circle (*241)	240	7	20	26	5	12	16
	260	2	12	19	20	24	26
British Gas (*220)	220	5½	11	18	3	11	13
	240	1	3½	9	19	25	44
Dixons (*140)	140	4	11	15	4½	11	13
	160	1	–	–	21	–	–
Glaxo (*807)	800	21	62	77	10	26	39
	850	4	35	52	45	54	65
Hawker Sidd. (*683)	650	38	80	85	1½	25	35
	700	13	45	55	36	45	50
Hillsdown (*272)	260	15	29	37	3	9	12
	280	4	18	27	12	18	20
Lonrho (*257)	255	7	16½	24	6	13	15
	273	2½	10	19	19	25	24
Midland Bk (*312)	300	19	38	42	5	16	22
	330	3	19	30	22	33	35
R. Royce (*226)	220	9½	21	26	3	7½	10½
	240	2	9½	16½	15	18	20
Sears (*104)	100	6	12	15	2	6	7
	120	1	3½	–	17	18	–
THF (*287)	280	12	29	35	3	9	14
	300	2½	15	23	15	19	22
Thorn EMI (*759)	750	22	40	62	8	33	39
	800	4	20	37	45	65	71
TSB (*145)	140	8	12	18	2½	6	8
	160	1½	5	8	18	20	20
Vaal Reefs (*$72)	70	6	10	13	3	7	9
	80	2	6	9	10	14	15
Wellcome (*665)	650	30	65	90	7	28	38
	700	6	40	64	42	54	62

EURO FT-SE INDEX (*2344)

	2225	2275	2325	2375	2425	2475	2525	2625
CALLS								
Jun	172	127	85	50	28	13	7	1
Sep	235	–	160	–	102	–	61	33
Dec	285	–	213	–	156	–	108	72
Mar	323	–	260	–	194	–	147	106
PUTS								
Jun	7	12	20	34	61	99	141	236
Sep	29	–	47	–	84	–	136	205
Dec	45	–	65	–	95	–	144	201
Mar	60	–	80	–	110	–	150	205

FT-SE INDEX (*2344)

	2150	2200	2250	2300	2350	2400	2450	2500
CALLS								
Jun	205	198	150	105	67	37	19	8
Jul	265	220	177	136	99	71	50	32
Aug	286	242	201	161	126	95	72	52
Sep	305	262	222	185	150	118	92	71
Oct	–	–	–	–	–	–	–	–
Dec †	–	297	–	225	–	160	–	108
PUTS								
Jun	3½	4	7	13	25	53	88	140
Jul	11	14	19	28	43	65	97	142
Aug	17	22	30	41	54	77	105	144
Sep	20	27	35	50	68	90	110	148
Oct	–	–	–	–	–	–	–	–
Dec †	–	40	–	63	–	98	–	156

June 8 Total Contracts 22,796
Calls 15,537 Puts 7,259
FT-SE Index Calls 3,125 Puts 2,148
Euro FT-SE Calls 45 Puts 119
*Underlying security price. † Long dated expiry months

FT-ACTUARIES SHARE INDICES

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	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Friday June 8 1990: Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1990 to date	Thu Jun 7 Index No.	Wed Jun 6 Index No.	Tue Jun 5 Index No.	Year ago (approx) Index No.	1990 High		1990 Low		Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (199)	904.76	-0.3	12.02	5.03	9.45	16.08	907.52	896.95	900.64	964.56	960.80	4 /1	813.49	30/4	1038.07 16/7 /87	50.71 13/12/74
2	Building Materials (27)	1109.98	-0.6	14.10	5.41	8.80	21.22	1116.29	1110.97	1124.19	1200.08	1188.21	3 /1	989.61	30/4	1381.08 16/7 /87	44.27 11/12/74
3	Contracting, Construction (36)	1421.23	+0.6	17.06	5.78	7.63	33.82	1413.21	1401.58	1403.84	1655.61	1621.44	4 /1	1278.36	1 /5	1951.50 16/7 /87	71.48 2 /12/74
4	Electricals (10)	2617.40	-0.9	10.07	5.13	11.32	61.43	2641.56	2593.35	2585.65	2855.60	2751.15	4 /1	2317.73	6 /3	3040.80 8 /9 /89	84.71 25/6 /62
5	Electronics (29)	1903.27	-0.6	9.55	3.92	13.55	19.83	1914.17	1882.37	1882.03	2238.14	2044.72	9 /1	1717.35	30/4	2308.22 19/5 /89	1229.01 8 /10/85
6	Engineering-Aerospace (8)	493.39	-0.8	11.14	4.72	9.07	9.31	497.13	489.88	493.56	0.00	497.13	7 /6	409.55	6 /3	497.13 7 /6 /90	409.55 6 /3 /90
7	Engineering-General (43)	501.91	-0.2	11.45	5.06	10.55	8.40	503.11	494.73	492.73	0.00	503.11	7 /6	448.31	30/4	503.11 7 /6 /90	448.31 30/4 /90
8	Metals and Metal Forming (6)	498.78	+0.7	23.70	6.26	4.78	2.31	495.43	486.20	487.24	542.26	515.57	4 /1	457.99	27/4	596.67 9 /10/87	49.65 6 /1 /75
9	Motors (16)	366.53	+0.2	15.02	6.16	7.77	9.64	365.79	359.77	359.34	327.81	403.90	4 /1	327.76	10/5	411.42 13/10/87	19.91 6 /1 /75
10	Other Industrial Materials (24)	1653.42	-0.3	10.72	4.83	10.78	33.09	1659.16	1647.06	1660.12	1574.73	1774.64	3 /1	1472.55	3 /5	1881.53 18/8 /89	277.55 15/1 /81
21	CONSUMER GROUP (178)	1313.82	-0.4	9.27	3.82	13.34	17.96	1319.64	1306.04	1309.29	1217.17	1357.03	3 /1	1151.43	30/4	1417.92 4 /9 /89	61.41 13/12/74
22	Brewers and Distillers (21)	1609.70	+0.2	9.51	3.60	12.71	20.38	1607.11	1596.54	1612.80	1322.60	1612.80	5 /6	1369.31	6 /3	1612.80 5 /6 /90	69.47 13/12/74
25	Food Manufacturing (20)	1104.72	-0.9	10.24	4.31	12.10	17.73	1114.89	1102.49	1101.08	1073.29	1184.41	3 /1	1001.05	30/4	1220.42 4 /9 /89	59.67 11/12/74
26	Food Retailing (16)	2513.17	-0.5	9.24	3.28	13.89	33.61	2526.86	2496.51	2470.86	2286.87	2528.64	1 /6	2188.04	30/4	2722.30 5 /9 /89	54.25 11/12/74
27	Health and Household (15)	2607.26	-1.0	6.60	2.65	18.03	24.15	2632.47	2595.75	2593.51	2208.11	2795.49	4 /1	2365.35	6 /3	2795.49 4 /1 /90	175.38 28/5 /80
29	Leisure (31)	1486.07	-0.4	9.84	4.16	12.36	23.99	1492.65	1479.82	1475.42	1652.41	1717.22	9 /1	1266.85	30/4	1845.77 8 /9 /89	54.83 9 /1 /75
31	Packaging & Paper (12)	603.45	.....	11.47	5.85	11.12	11.83	603.28	603.36	607.94	577.93	611.17	4 /6	534.25	30/4	739.48 16/7 /87	43.46 6 /1 /75
32	Publishing & Printing (16)	3498.28	+0.1	10.25	5.26	12.23	50.81	3494.97	3460.86	3510.54	3587.11	3853.61	4 /1	3029.15	30/4	5070.66 5 /10/87	55.08 6 /1 /75
34	Stores (35)	824.94	-0.3	10.79	4.53	11.86	12.47	827.05	823.11	824.28	804.04	844.66	3 /1	690.43	27/4	1160.58 29/7 /87	52.63 6 /1 /75
35	Textiles (12)	515.10	+0.6	12.27	6.94	10.44	16.06	512.18	510.41	510.89	534.59	554.37	4 /1	447.50	30/4	914.52 2 /10/87	62.66 11/12/74
40	OTHER GROUPS (105)	1189.45	-0.4	10.92	4.95	11.01	11.38	1194.28	1181.58	1190.54	1118.67	1233.52	3 /1	1059.71	30/4	1233.52 3 /1 /90	58.63 6 /1 /75
41	Agencies (17)	1681.15	-0.2	5.99	2.35	20.19	14.99	1685.06	1661.54	1667.72	1374.73	1685.06	7 /6	1471.39	30/4	1795.57 17/7 /87	870.35 4 /12/87
42	Chemicals (23)	1297.58	-0.5	10.86	5.10	10.77	31.08	1303.63	1282.90	1290.61	1364.11	1303.63	7 /6	1138.16	27/4	1545.46 5 /10/87	71.20 1 /12/74
43	Conglomerates (14)	1702.47	+0.1	9.90	5.81	12.13	14.41	1699.99	1679.32	1691.76	1580.92	1710.25	3 /1	1480.08	30/4	1819.46 11/8 /89	975.19 10/11/87
44	Transport (13)	2271.48	-0.3	10.59	4.44	12.01	37.81	2278.75	2247.22	2271.73	2474.79	2458.00	4 /1	2093.96	30/4	2554.69 12/7 /89	90.80 29/6 /62
46	Telephone Networks(2)	1196.31	-1.1	10.91	4.60	11.93	0.00	1209.89	1200.43	1218.55	1123.85	1290.72	3 /1	1019.16	30/4	1290.72 3 /1 /90	517.92 30/11/84
47	Water(10)	1923.32	-0.6	18.08	7.04	6.13	0.00	1934.36	1927.66	1923.30	0.00	2079.08	16/2	1820.20	1 /5	2079.08 16/2 /90	1820.20 1 /5 /90
48	Miscellaneous (26)	1811.32	.....	12.19	4.99	9.36	19.15	1812.30	1801.01	1804.63	1636.22	1981.35	3 /1	1674.89	10/5	2087.06 11/7 /89	60.39 6 /7 /75
49	INDUSTRIAL GROUP (482)	1186.39	-0.4	10.66	4.47	11.43	15.89	1191.11	1178.32	1183.60	1145.59	1234.94	3 /1	1051.74	30/4	1273.71 5 /9 /89	59.01 13/12/74
51	Oil & Gas (18)	2284.99	-0.1	12.41	5.44	10.64	46.43	2287.74	2289.61	2325.26	2045.75	2475.71	2 /1	2111.34	30/4	2475.71 2 /1 /90	87.23 29/5 /62
59	500 SHARE INDEX (500)	1279.05	-0.4	10.89	4.60	11.32	18.34	1283.66	1271.87	1279.49	1222.11	1338.65	3 /1	1140.35	30/4	1369.88 16/7 /87	63.49 13/12/74
61	FINANCIAL GROUP (107)	809.81	-0.7	-	5.63	-	19.06	815.59	812.55	821.85	736.13	869.67	3 /1	735.74	30/4	896.67 13/10/87	55.88 13/12/74
62	Banks (9)	860.25	-1.2	19.08	6.25	6.86	25.62	870.36	876.80	893.95	735.76	918.30	2 /2	766.65	27/4	918.30 2 /2 /90	62.44 12/12/74
65	Insurance (Life) (7)	1429.75	-0.4	-	5.14	-	36.94	1435.25	1421.58	1432.81	1075.46	1484.67	3 /1	1220.17	1 /5	1484.67 3 /1 /90	44.88 2 /1 /75
66	Insurance (Composite) (6)	698.49	-0.7	-	5.92	-	19.43	703.54	694.08	697.98	568.57	768.11	0 /0	622.62	30/4	768.11 29/12/89	43.96 13/12/74
67	Insurance (Brokers) (7)	1061.16	-0.4	8.15	6.15	16.16	27.41	1065.79	1054.24	1066.42	976.40	1194.74	4 /1	1016.19	22/3	1399.56 17/7 /87	65.86 16/12/74
68	Merchant Banks (7)	452.54	+1.3	-	4.38	-	4.85	446.56	444.61	443.63	333.19	502.02	8 /2	403.22	30/4	547.59 12/10/87	31.21 7 /1 /75
69	Property (47)	1093.48	-0.6	8.22	4.29	15.60	10.86	1100.50	1087.12	1097.25	1300.74	1242.53	4 /1	1055.23	4 /5	1398.87 5 /9 /89	56.01 20/4 /65
70	Other Financial (24)	305.21	.....	12.07	6.38	10.88	5.04	305.32	303.07	301.99	364.70	350.59	4 /1	291.32	30/4	603.48 16/7 /87	33.29 17/12/74
71	Investment Trusts (67)	1222.47	-0.3	-	3.18	-	13.32	1226.25	1218.23	1222.45	1140.17	1323.81	4 /1	1113.92	30/4	1323.81 4 /1 /90	71.12 13/12/74
91	Overseas Traders (5)	1425.69	+1.0	9.74	6.41	12.30	43.49	1412.14	1419.03	1415.53	1300.99	1614.04	3 /1	1269.70	30/4	1614.04 3 /1 /90	97.37 6 /1 /75
99	ALL-SHARE INDEX (679)	1166.01	-0.4	-	4.72	-	18.29	1170.69	1161.07	1168.79	1101.84	1226.83	3 /1	1043.16	30/4	1238.57 16/7 /87	61.92 13/12/74

		Index No.	Day's Change	Day's High (a)	Day's Low (b)	Jun 7	Jun 6	Jun 5	Jun 4	Jun 1	Year ago	1990 High		1990 Low		Since Compilation High	Since Compilation Low
	FT-SE 100 SHARE INDEX♦	2366.6	-11.8	2383.0	2363.9	2378.4	2358.5	2380.1	2379.0	2371.4	2142.1	2463.7	3 /1	2103.4	30/4	2463.7 3 /1 /90	986.9 23/7 /84

FIXED INTEREST

	PRICE INDICES	Fri Jun 8	Day's change %	Thu Jun 7	xd adj. today	xd adj. 1990 to date
	British Government					
1	Up to 5 years	115.36	+0.16	115.17	-	5.48
2	5-15 years	121.28	+0.21	121.15	0.13	5.36
3	Over 15 years	124.06	+0.26	123.74	-	4.91
4	Irredeemables	141.81	+0.33	141.34	-	6.36
5	All stocks	121.32	+0.20	121.15	0.07	5.43
	Index-Linked					
6	Up to 5 years	145.68	+0.09	145.55	-	1.49
7	Over 5 years	138.55	+0.12	138.39	-	1.38
8	All stocks	138.97	+0.12	138.81	-	1.38
9	Debentures & Loans	98.58	+0.05	98.53	-	5.42
10	Preference	73.46	-0.08	73.52	-	2.99

	AVERAGE GROSS REDEMPTION YIELDS		Fri Jun 8	Thu Jun 7	Year ago (approx.)	1990 High		1990 Low	
	British Government								
1	Low	5 years	11.21	11.27	9.92	12.36	2 /5	10.16	2 /1
2	Coupons	15 years	10.93	10.97	9.56	11.94	30/4	9.58	2 /1
3		25 years	10.85	10.88	9.40	11.85	30/4	9.52	2 /1
4	Medium	5 years	12.24	12.27	11.03	13.58	2 /5	11.03	2 /1
5	Coupons	15 years	11.42	11.44	10.08	12.45	27/4	9.97	2 /1
6		25 years	11.04	11.06	9.64	11.98	27/4	9.65	2 /1
7	High	5 years	12.34	12.37	11.14	13.67	2 /5	11.17	2 /1
8	Coupons	15 years	11.68	11.69	10.30	12.76	27/4	10.17	2 /1
9		25 years	11.29	11.30	9.84	12.27	27/4	9.78	2 /1
10	Irredeemables†		10.82	10.85	9.40	11.83	30/4	9.66	4 /1
	Index-Linked								
11	Inflation rate 5%	Up to 5yrs.	5.14	5.15	3.95	5.40	16/5	3.83	5 /1
12	Inflation rate 5%	Over 5 yrs.	4.15	4.16	3.81	4.31	30/4	3.60	4 /1
13	Inflation rate 10%	Up to 5 yrs.	4.13	4.12	3.22	4.28	16/5	2.95	2 /1
14	Inflation rate 10%	Over 5 yrs.	3.98	3.98	3.64	4.13	30/4	3.43	4 /1
15	Debs &	5 years	14.06	14.01	11.91	16.70	30/4	13.01	15/1
16	Loans	15 years	12.90	12.90	11.63	14.40	26/4	12.27	12/1
17		25 years	12.86	12.87	11.35	13.89	4 /5	11.99	2 /1
18	Preference†		12.55	12.54	10.26	12.60	30/5	10.87	2 /1

♦Opening index 2373.8; 9 am 2382.3; 10 am 2371.8; 11 am 2365.4; Noon 2368.9; 1 pm 2364.2; 2 pm 2368.5; 3 pm 2371.6; 4 pm 2367.4; 4.10 pm 2366.3; (a) 8.42am (b) 12.36pm

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Engineering - Aerospace	29/12/89	486.00	Other Industrial Materials	31/12/80	287.41	Food Retailing	29/12/67	114.13
Engineering - General	29/12/89	486.00	Health/Household Products	30/12/77	261.77	Insurance Brokers	29/12/67	96.67
Water	29/12/89	1968.45	Other Groups	31/12/74	63.75	All Other	10/4/62	100.00
Agencies	31/12/86	1114.07	Overseas Traders	31/12/74	100.00	British Government	31/12/75	100.00
Conglomerates	31/12/86	1114.07	Industrial Group	31/12/70	128.20	Do. Index-linked	30/4/82	100.00
Telephone Networks	30/11/84	517.92	Other Financial	31/12/70	128.06	Debs & Loans	31/12/77	100.00
Electronics	30/12/83	1646.65	Food Manufacturing	29/12/67	114.13	Preference	31/12/77	76.72
						FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL, price 15p, by post 35p.
CONSTITUENT CHANGE: British & Commonwealth Holdings (70) has been deleted. NAME CHANGE: Apricot Computers (5) is now ACT Group.

GM plans some car assembly at Saab plant

By Kevin Done and Robert Taylor

GENERAL MOTORS of the US is to transfer some car assembly from West Germany to the Saab Automobile plant in Finland, as part of a series of measures aimed at cutting Saab's mounting losses, which more than doubled in the first four months of this year.

The move is aimed at improving capacity use at the Saab car operation, in which GM acquired a 50 per cent stake and management control late last year.

Saab Automobile, which is still half-owned by Saab-Scania, said yesterday that its losses in the first four months had jumped to SKr995m ($163m) compared with a loss for the former Saab car division in the corresponding period last year of SKr450m. The Saab car division made a loss of SKr2.1bn in the whole of 1989.

Saab is also to withdraw from several components operations in Sweden and Norway and is to restructure its European sales operations.

Saab car sales in the four months fell 16.5 per cent to 33,265 vehicles from 39,845 a year ago chiefly as a result of a steep decline in sales in the US and in Sweden.

The company said that the rate of losses should slow later in the year. It has suffered one-off costs related to the commissioning of the new Malmö car assembly plant and a new engine plant in Södertälje. In addition, production has been cut to a low level to reduce stocks, and the company has been hit by rapid cost increases, high interest rates and unfavourable exchange rate movements in Sweden.

GM Europe said it was aiming to begin production of its Opel/Vauxhall Calibra coupe at Saab's Finnish plant at Uusikaupunki in March next year. Output in 1991 will total around 20,000 units. Investment at the plant will total around FM200m ($50m).

The start of production of GM cars in Finland, will allow the transfer of some Saab car assembly from the Uusikaupunki plant to Saab's Malmö plant in southern Sweden, where present output of around 65 Saab 900 cars a day will be more than doubled to 140 a day by April 1991.

In further restructuring moves Saab Automobile is planning to withdraw from several component manufacturing operations, which will enable it to reduce its 16,500 workforce by around 1,355.

Mr David Herman, who took over earlier this year as president of Saab Automobile, said the moves should produce savings of SKr200m a year.

Saab is withdrawing from making wiring harnesses in Kramfors, Sweden and Halden, Norway, from seat development and production in Kristinehamn and Trollhättan, Sweden, and from making car axles in Kristinehamn.

It will buy the components from outside suppliers instead, and is expected to begin buying wiring harnesses partly from Reinshagen, a GM subsidiary in West Germany. A small part of the Saab components operations could be taken over by other groups.

The announcement of the job losses brought an angry response from Mr Rune Molin, Sweden's Industry Minister, who demanded that GM and Saab-Scania should help to find alternative employment for the workers affected.

The adverse political reaction in Stockholm to Saab Automobile's decision reflects anxiety about the management methods being adopted by GM to deal with the company's difficulties.

Saab Automobile is restructuring its sales and marketing operations with the establishment of a European regional sales office inside the European Community, most probably in Brussels.

DAF to expand bus unit

By Kevin Done, Motor Industry Correspondent

DAF, the Dutch commercial vehicle maker, is expanding United Bus, its majority-owned bus and coach subsidiary, with the takeover of Den Oudsten, a Dutch bus body builder.

United Bus was formed late last year through the merger of DAF's bus and coach operations with Bova, a rival Dutch bus maker. Last month United Bus took over Optare, a small UK bus builder.

United Bus claims it is now in sixth place in the European bus and coach market with a share of about 6 per cent. It will have a turnover this year of about £156m ($263m) and an output of 1,700 chassis and 980 complete buses and coaches.

DAF also said yesterday it had made several moves to establish a dealer and service network in eastern Europe. It has signed dealer and service contracts with 14 East German companies and letters of intent with a further 16. DAF is also to establish four truck service points in the Soviet Union.

HDM seeks acquisitions to strengthen US market

By Alice Rawsthorn

HDM Worldwide, the international advertising agency, plans a series of acquisitions to strengthen its interests in the US.

HDM, which is owned jointly by three marketing groups – Young & Rubicam of the US, Eurocom of France and Dentsu of Japan – has been searching for potential US acquisitions for several months.

Mr Gary Burandt, chief executive of HDM in New York, said it was in the final stages of discussions with a number of US agencies.

The HDM board will decide whether to go ahead with the acquisitions when it meets in Rome at the beginning of next month.

The US is by far the weakest of HDM's three main markets. It contributed around 10 per cent of the agency's $2.5bn billings – and $368m gross income – last year, compared with 60 per cent from Europe and 30 per cent from Asia.

HDM is the fifth biggest advertising network in Europe and the second largest in Asia. But its New York and Los Angeles agencies rank as the 37th network in the US.

Although HDM's three owners all have equal shares in the agency, they each take the lead in managing its business in their own regions. Eurocom runs HDM in Europe, Dentsu in Asia and Y&R in the US.

In recent months Eurocom and Dentsu are understood to have become concerned about HDM's comparative weakness in the US.

In the late 1970s Havas Conseil, part of Eurocom, and Marstellar, a Y&R agency, joined forces to form HCM. Dentsu became involved in 1987 through its joint venture with Y&R in the Pacific. The HDM network has since expanded rapidly.

AT&T sells part of CIR holding

AMERICAN Telephone and Telegraph of the US has raised L250bn ($201m) through the sale of part of its holding in CIR, Mr Carlo De Benedetti's industrial holding company, our Financial Staff writes.

Its 91m savings shares in CIR have been bought by Sprind Gestione, an investment house which acts as adviser to Mr De Benedetti's mutual funds. AT&T, which acquired the holding last year in exchange for its stake in Olivetti, still owns 91m ordinary shares representing some 17 per cent of CIR's capital and worth more than L520bn at current prices.

The ever-changing face of Japan's Shiseido

Clay Harris looks at the turnround of a leading international cosmetics company

Raygenic, a make-up powder launched in April by Shiseido, Japan's largest cosmetics company, changes colour with the light.

When she is indoors the wearer appears fashionably pale. Exposed to sunlight, however, the powder darkens to maintain a skin tone more life-like than that of a whitened geisha – a look the modern woman has no desire to emulate, even in Japan.

Like the powder, Shiseido's image depends on the eye of the beholder. In Europe, its cosmetics are marketed selectively, at the very top of the market. In Britain, for example, they are sold in only eight department stores, even though Shiseido ranks seventh in non-fragrance cosmetic sales in the continental market comprising Italy, West Germany, France and Belgium. You will search the world's duty-free shops in vain for Shiseido.

To the Japanese, however, it is a household name, with a product range extending from the exclusive to the everyday. Health foods and toiletries such as soaps and shampoo bolstered cosmetics to lift sales to Y456.4bn ($3bn) in 1989-90.

Raygenic contains particles of titanium dioxide adapted to change colour, just as photochromic sunglasses do.

It illustrates one of Shiseido's strengths as it expands outside Japan: product innovation through heavy investment on research and development. Spending on basic and product research exceeds 3 per cent of turnover each year.

Ten years of development went into one of its most successful new products. Whitess Essence, based on a synthetic version of arbutin, a constituent of the leaves of Japanese pears and cowberries, inhibits the formation of the melanin which creates freckles and age spots.

Although they retail at Y10,000, some 600,000 of the 30g tubes were sold in the first few months after launch in January, strong figures which prompted heavy buying of Shiseido shares.

But a Japanese saying warns, "A fair skin hides seven flaws," and Ms Eleanor Marsh, an analyst in Tokyo for S.G. Warburg Securities, cautions that enthusiasm may prove to be overdone for a product which is expensive even by Japanese standards.

The company has a recent history of blemishes beneath the make-up. In 1986-87, pre-tax profits plunged by half to Y16.77bn when Shiseido finally faced up to the fact that cosmetics had been piling up in the stocks of sales subsidiaries.

Shipments were stopped and stocks recalled, requiring write-offs totalling Y30bn over three years. The distribution system has been streamlined and safeguards instituted to prevent a recurrence of the problem with stocks.

Mr Yoshiharu Fukuhara, grandson of Shiseido's founder, took over as president and chief executive in 1987 and has won high marks for the turnround.

Shiseido last week announced consolidated pre-tax profits of Y34.52bn for the year to March. However, accounting changes on transactions between parent and subsidiaries added to the figures' lack of comparability with the previous four-month financial period which bridged a change of year-end. For the current year, Shiseido forecasts pre-tax profits of Y38bn.

By the end of the decade, Shiseido wants overseas sales, including those of affiliates, to account for a quarter of the total, about double the present proportion.

Shiseido has a product range extending from the exclusive to the everyday

It strengthened its US manufacturing position two years ago with the $345m purchase of Zotos International, now the source for most hair-care products sold outside Japan. It is building a cosmetics factory at Gien in France's Loire valley.

Products are carefully chosen for each market. For example, Whitess is unlikely to be sold outside Asia. "We feel Oriental people are attracted to fair skin," said Mr Yasutaka Mori, deputy general manager for international strategy planning.

Shiseido, which was founded in 1872 as Japan's first western-style pharmacy, has long aimed to be a hybrid, not just a mixture, of east and west. Its 10-year old corporate identity, the sinuous head and shoulders of a woman atop a scarlet disc, may have the allure of the Orient to European eyes, said Mr Mori, but to the Japanese, it looks very western.

Indeed, Shiseido's distinctive look in packaging and advertising retains echoes of art nouveau and art deco dating from its first president's sojourn in France before the First World War and the connection has been strengthened in the past decade through work by the French designer Serge Lutens.

The east-west fusion also surfaces in Shiseido's research which extends into psychological and even spiritual realms. Its Institute of Beauty Sciences has developed, for example, a system combining western massage and Oriental techniques which exploits what is known as *qi*, the body's natural energy to restore "inner well-being and outer beauty."

More conventionally, the institute also studies new make-up and hair-care techniques, researches tastes and desires and trains the company's beauty counsellors – saleswomen whose soft sales pitch is so subordinated to the notionally independent advice they give that they are not paid commission.

These days, even Shiseido's headquarters in Tokyo's Ginza district smells of roses – or of citrus or jasmine, depending on the time of day. This is the company's means of demonstrating "aromacology" – the Muzak of fragrance.

Jointly with Kajima, the construction giant, it is promoting the installation of ducts to waft such scents around offices. Seiko, meanwhile, is producing alarm clocks which rouse with a whiff of Shiseido-supplied eucalyptus, although a buzzer also sounds to wake the drowsy. Soon there may be no escape.

Cypress in deal to license Soviet chip technology

By Louise Kehoe in San Francisco

CYPRESS Semiconductor, one of Silicon Valley's fastest growing chip makers, has signed a letter of intent to license semiconductor technology from the Soviet Union, in what is believed to be the first agreement of its kind.

Under the planned deal, the Soviet International Centre for Informatics and Electronics (Interevm) will license Cypress to use advanced semiconductor fabrication process technologies developed in the Soviet Union as well as certain Soviet chip designs.

Such products and technologies could include chips targeted at high-definition television (HDTV) markets, digital signal processing (DSP) chips used in telecommunications and audio/video applications and digital filtering devices used in communications applications, Cypress said.

In return for these process, design and manufacturing rights, Cypress will pay "reasonable royalties" to Interevm. Specific royalty structures will be negotiated as product designs and technologies are transferred.

Cypress will deposit $100,000 in an escrow account from which Interevm can withdraw royalties as they are accrued.

"This is a tremendous opportunity," said Mr T. J. Rodgers, chief executive of Cypress. "Our philosophy is to grow through the addition of new products and product lines. This agreement fits our needs perfectly.

"It also meets the Soviets' needs," Mr Rodgers said. "They require high-quality process technology, international marketing capabilities and support as well as negotiable currency – all things we can provide. We see this as a long-term, win-win situation."

Mr Rodgers will travel to Zelenograd, the Silicon Valley of the Soviet Union, next month to discuss the specific technologies and products under consideration.

● Texas Instruments of the US will shed 1,000 workers in its defence systems and electronics division over the next year in response to US defence spending cuts, the company said yesterday. The unit employs about 22,000.

Bond Media creditors extend life of loan

By Our Financial Staff

BOND MEDIA, operator of Australia's top-rated Channel Nine television network, moved closer to resolving its financial crisis yesterday when bank creditors extended the life of a A$367m (US$285m) loan until next March and three nominees of financier Mr Kerry Packer took their seats on the board.

The syndicate of banks, led by National Australia Bank, approved a recapitalisation plan agreed last weekend under which control of Bond Media is to revert to Mr Packer, its former owner. Through the conversion of existing preference shares, his Consolidated Press Holdings stands to gain 60 per cent of the company for a fraction of the A$1bn price at which he sold it in 1987 to Mr Alan Bond.

Minority shareholders in Bond Media, whose investments were severely eroded as Mr Bond's fortunes declined, can vote at an extraordinary meeting to approve the change of control. Regulators have prevented Mr Bond's interests from voting their holdings.

Morgan Stanley files $1bn shelf registration

By Janet Bush and Karen Zagor in New York

MORGAN STANLEY, the Wall Street securities house, said yesterday that it had filed a shelf registration with the Securities and Exchange Commission for an offering of up to $1.02bn of debt securities.

A shelf registration allows a company to issue debt at any time over the next two years.

In common with other brokerage firms, Morgan Stanley is expanding its use of longer-term debt to fund its operations and reduce its reliance on short-term borrowings.

This trend started after the October 1987 stock market crash but has accelerated since the collapse in February of Drexel Burnham Lambert, another Wall Street investment bank.

Drexel was, in common with many securities firms, heavily reliant on short-term financing from commercial banks and was forced to file for bankruptcy protection in February when banks refused to roll over its debt.

Another reason brokerage firms have been attempting to reduce their reliance on commercial bank borrowing is that, since the Drexel failure, some banks have become much more cautious about lending to securities houses.

Morgan Stanley said that the proceeds of its potential issue, which could include medium-term notes and warrants to purchase debt securities, would be used for purposes involving the payment of existing debt and additions to working capital.

A committee of Drexel's unsecured creditors has meanwhile rejected the company's preliminary reorganisation plan, and had instead put forward its own plan.

It has also called for the removal of Drexel's current board and management.

Drexel's executives and creditors are scheduled to meet at a hearing in the Federal Bankruptcy Court in Manhattan on Tuesday.

The committee has its eye on the $260m in bonuses paid to Drexel's executives less than a month before the firm filed for bankruptcy protection.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest prices	Change on week	Year ago	High 1990	Low 1990
Gold per troy oz.	$354.50	-8.25	$368.50	$420.25	$353.25
Silver Per troy oz	297.05p	-5.05	346.15p	323.50p	295.75p
Aluminium 99.7% (cash)	$1577.5	-11	$1920	$1655	$1380.0
Copper Grade A (cash)	£1551	-8	£1656	£1747.5	£1304.50
Lead(cash)	£494	+6.5	£427.5	£790	£413.0
Nickel (cash)	$8030	-257.5	$12525	$10225	$6075
Zinc SHG (cash)	$1682.5	-80	$1525	$1869	$1250
Tin (cash)	$6220	-110	£10345	$7020	$6150
Cocoa Futures (Sep)	£823	-73	£835	£967	£622
Coffee Futures (Sep)	£645	-5	£1186	£757	£557
Sugar (LDP Raw)	$331.50	+0.30	$294	$368.4	$320.0
Barley Futures (Nov)	£116.25	-0.20	£108.80	£116.45	£103.45
Wheat Futures (Sep)	£113.80	-0.60	£104.65	£123.45	£111.00
Cotton Outlook A Index	90.55c	+0.80	76.30c	90.70c	73.70c
Wool (64s Super)	500p	-36	620p	580p	500p
Oil (Brent Blend)	$15.575z	-0.725	$17.56	$21.975	$15.575

Per tonne unless otherwise stated. †Unquoted. p-pence/kg. c-cents lb. z-July

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)		+ or -
Dubai	$13.20-3.35q	-.275
Brent Blend	$15.55-5.60q	-0.30
W.T.I. (1 pm est)	$16.72-6.74q	-0.45
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$214-218	-3
Gas Oil	$141-142	-2
Heavy Fuel Oil	$50-52	
Naphtha	$141-143	-3
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$354.50	+1.25
Silver (per troy oz)♣	500c	+2
Platinum (per troy oz)	$484.6	+1.6
Palladium (per troy oz)	$117.25	+0.25
Aluminium (free market)	$1585	
Copper (US Producer)	119c	-1.5
Lead (US Producer)	45c	
Nickel (free market)	365c	
Tin (Kuala Lumpur market)	16.66r	+0.02
Tin (New York)	293c	-1
Zinc (US Prime Western)	87½c	
Cattle (live weight)†	108.86p	+1.31*
Sheep (dead weight)†	174.53p	-7.56*
Pigs (live weight)†	104.08p	-6.17*
London daily sugar (raw)	$331.5v	+0.4
London daily sugar (white)	$421.5v	+0.5
Tate and Lyle export price	£309.5	-0.6
Barley (English feed)	£120.5u	
Maize (US No. 3 yellow)	£145	-0.5
Wheat (US Dark Northern)	£124.5	
Rubber (Jul)♥	55.25p	
Rubber (Aug)♥	55.75p	
Rubber (KL RSS No 1 Jun)	229.0m	
Coconut oil (Philippines)§	$340v	+5
Palm Oil (Malaysian)§	$227.5	+2.5
Copra (Philippines)§	$227.5	+2.5
Soyabeans (US)	£161	
Cotton "A" index	90.55c	-0.15
Wooltops (64s Super)	500p	-36

£ a tonne unless otherwise stated. p-pence/kg. c-cents lb. r-ringgit/kg. q-Jul. t-May/Jul. u-Oct/Dec v-Jun/Jul. w-Jun z-Jul/Aug y-Sep. †Meat Commission average fatstock prices. * change from a week ago ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

SUGAR – London FOX ($ per tonne)				
Raw	Close	Previous	High/Low	
Aug	300.40	304.00	307.40	300.00
Oct	295.60	299.40	302.00	295.00
Dec	296.00	299.00	300.00	
Mar	280.40	283.80	285.60	280.00
May	280.00	283.20	285.00	281.60
Aug	279.00	282.20	282.40	278.60
White	Close	Previous	High/Low	
Aug	411.5	412.0	418.5	410.5
Oct	375.0	376.0	379.5	375.0
Dec	366.0	369.5	369.5	367.0
Mar	360.5	363.0	364.6	361.0
May	358.5	362.0	360.8	360.8
Aug	356.5	361.0	360.5	355.8
Oct	345.5		349.5	

Turnover: Raw3797 (2736)lots of 50 tonnes. White 1813 (1256)
Paris- White (FFr per tonne): Aug 2065, Oct 2185, Dec 2115, Mar 2105, May 2100

CRUDE OIL – IPE $/barrel	Latest	Previous	High/Low	
Jul	15.52	15.67	15.65	15.44
Aug	16.00	16.03	16.14	15.90
Sep	16.40	16.60	16.50	16.36
Oct	16.90		16.90	16.71
IPE Index	15.91	15.52		

Turnover: 11078 (10542)

GAS OIL – IPE $/tonne	Latest	Previous	High/Low	
Jun	142.00	141.75	143.25	140.50
Jul	140.75	140.00	141.25	139.25
Aug	142.50	142.00	142.75	140.75
Sep	145.00	145.50	145.50	144.00
Oct	148.50	150.00	149.00	148.25
Nov	151.00	151.75	151.00	149.00
Dec	153.50	153.75	153.50	151.50
Jan	153.50	153.50	153.50	151.75
Feb	150.75	152.00	150.25	150.00

Turnover 9403 (11270)lots of 100 tonnes

SPICES

INFLUENCE of Indonesia's de-regulation of cassia and nutmegs/mace export is tangible, reports Man-Producten. Prices of nutmegs and mace have dropped further. Offers in the European market are available at $1,400 for bwp, at $2,100 for shrivels and at $3,500 for mace broken nr2, all cif ebp, net delivered weights. Cassia: Lower offers from origin are available, however, there is no industrial demand. Pepper prices came under heavier selling pressure during the week due to increasing supplies in origins and light demand. White pepper in particular tended quite a bit weaker at $1,475/mt cif ebp. for prompt shipment.

COCOA – London FOX £/tonne	Close	Previous	High/Low	
Jul	806	851	852	810
Sep	823	872	873	820
Dec	843	890	894	842
Mar	863	903	910	860
May	883	919	925	879
Jul	903	937	939	901
Sep	915	950	949	915

Turnover: 9967 (10782) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Jun 7 1056.42 (1055.04) 10 day average for Jun 8 1107.04 (1116.09)

COFFEE – London FOX £/tonne	Close	Previous	High/Low	
Jul	628	636	636	627
Sep	645	647	649	643
Nov	659	661	664	659
Jan	675	675	677	673
Mar	691	689	689	
May	705	705	701	

turnover: 2908 (2462) lots of 5 tonnes
ICO indicator prices (US cents per pound) for June 7: Comp. daily 72.81 (72.55). 15 day average 73.72 (73.80)

POTATOES – BFE £/tonne	Close	Previous	High/Low	
Apr	152.6	156.4	155.0	149.0
May	170.0	170.0	169.0	

Turnover 311 (176) lots of 40 tonnes.

SOYABEAN MEAL – BFE £/tonne	Close	Previous	High/Low
Oct	118.00	117.00	118.00
Dec	127.00	124.00	

Turnover 30 (881) lots of 20 tonnes.

FREIGHT FUTURES – BFE $10/index point	Close	Previous	High/Low	
Jun	1172	1200	1185	1175
Jul	1080	1095	1085	1075
Oct	1175	1198	1190	1170
Jan	1195	1215	1200	1195
BFI	1278	1297		

Turnover 252 (95)

GRAINS – BFE £/tonne				
Wheat	Close	Previous	High/Low	
Jun	119.95	121.00	120.50	119.90
Sep	113.80		113.90	113.80
Nov	117.70	117.85	117.90	117.70
Mar	124.60	124.50	124.65	
May	127.50	127.40	127.50	
Barley	Close	Previous	High/Low	
Sep	111.75	111.85	111.85	111.75
Nov	116.25	116.25	116.30	116.25
May	123.80	123.70	123.80	

Turnover: Wheat 77 (53). Barley 26 (54).
Turnover lots of 100 tonnes.

PIGS – BFE (Cash Settlement) p/kg	Close	Previous	High/Low	
Jun	137.5	137.0	137.0	
Aug	121.0	121.0	120.0	119.0

Turnover 80 (158) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)					Total daily turnover 9,389 lots	
Cash	1576-9	1592-4	1577	1577-8		
3 months	1601-2	1602-3	1602/1587	1593-1	1599-1	98,721 lots
Copper, Grade A (£ per tonne)					Total daily turnover 14,068 lots	
Cash	1550-2	1543-5	1550/1546	1549-50		
3 months	1499-500	1498-9	1501/1496	1496-7	1495-6	80,095 lots
Lead (£ per tonne)					Total daily turnover 1,628 lots	
Cash	483-5	481-3	481.5/481	481-2		
3 months	489-90	487-8	490/488	489-7	487-8	9,980 lots
Nickel ($ per tonne)					Total daily turnover 1,495 lots	
Cash	8020-40	7910-40	8075/7980	7960-70		
3 months	8000-50	7950-75	8075/7980	7975-8000	8080-100	8,862 lots
Tin ($ per tonne)					Total daily turnover 881 lots	
Cash	6215-25	6230-40	6225/6215	6215-8		
3 months	6345-60	6360-5	6360/6335	6350-60	6360-70	6,275 lots
Zinc, Special High Grade ($ per tonne)					Total daily turnover 5,598 lots	
Cash	1660-5	1685-90	1680/1675	1676-8		
3 months	1622-4	1625-6	1635/1618	1634-6	1634-5	18,987 lots

LME Closing £/$ rate: SPOT: 1.6825 3 months: 1.6558 6 months: 1.6374 9 months: 1.6080

LONDON BULLION MARKET

Gold (fine oz) $ price		£ equivalent
Close	354¼-354¾	210½-211
Opening	353½-354	209½-210
Morning fix	353.60	209.317
Afternoon fix	353.50	210.642
Day's high	354-354½	
Day's low	353¼-353¾	
Coins	$ price	£ equivalent
Mapleleaf	360-365	214-217
Britannia	360-365	214-217
US Eagle	360-365	214-217
Angel	360-365	214-217
Krugerrand	353-356	210-212
New Sov.	84-86	50-51½
Old Sov.	84-86	50-51½
Noble Plat	490.40-498.20	291.20-295.65
Silver fix	p/fine oz	US cts equiv
Spot	297.05	501.25
3 months	308.15	511.55
6 months	319.30	522.15
12 months	340.95	543.95

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	July	Sep	July	Sep
1500	94	100	3	19
1600	25	59	34	57
1800	3	18	111	133
Copper (Grade A)	Calls		Puts	
2400	169	134	12	62
2500	94	84	37	109
2600	44	46	85	171
Coffee	Jul	Sep	Jul	Sep
600	34	64	6	19
650	6	37	30	42
700	1	20	73	75
Cocoa	Jul	Sep	Jul	Sep
750	57	90	2	18
800	19	59	14	37
850	5	37	46	65
Brent Crude	Jul	Aug	Jul	Aug
1550	21		21	30
1600		55		54
1650		32		68

New York

GOLD 100 troy oz.; $/troy oz.	Close	Previous	High/Low	
Jun	355.7	354.8	355.3	355.1
Jul	357.0	355.9	0	0
Aug	359.2	358.1	359.6	356.6
Oct	363.8	362.7	364.3	362.1
Dec	368.5	367.4	368.8	366.0
Feb	373.0	371.9	373.0	371.5
Apr	377.5	376.3	376.5	375.2
Jun	382.2	380.8	381.1	380.8
Aug	386.8	385.6	0	0

PLATINUM 50 troy oz; $/troy oz.	Close	Previous	High/Low	
Jul	488.8	487.6	492.8	488.0
Oct	494.4	493.0	498.0	492.0
Jan	499.8	498.5	499.0	499.0
Apr	505.2	503.9	509.5	502.0
Jul	510.6	509.3	0	0

SILVER 5,000 troy oz; cents/troy oz.	Close	Previous	High/Low	
Jun	500.7	501.8	500.5	500.5
Jul	503.3	504.8	505.4	501.0
Aug	507.3	508.0	0	0
Sep	511.5	512.2	513.5	509.0
Dec	522.8	523.5	525.8	521.0
Jan	526.3	527.0	528.0	526.0
Mar	533.7	534.4	535.0	532.0
May	541.4	542.1	542.0	540.5
Jul	549.1	549.8	550.0	550.0
Sep	557.3	558.0	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)			
Jun 8	Jun 7	mnth ago	yr ago
1890.6	1875.7	1924.3	1995.6

DOW JONES (Base: Dec. 31 1974 = 100)	Jun 7	Jun 6	mnth ago	yr ago
Spot	132.54	133.16	136.50	132.08
Futures	132.74	132.41	134.89	132.02

HIGH GRADE COPPER 25,000 lbs; cents/lbs	Close	Previous	High/Low	
Jun	113.30	114.75	115.45	113.30
Jul	111.75	112.15	113.50	112.10
Aug	110.50	110.05	110.60	110.00
Sep	108.00	107.85	108.30	107.70
Oct	106.80	106.50	0	0
Nov	105.60	105.10	0	0
Dec	104.40	103.75	105.60	104.20
Jan	103.40	102.75	0	0
Mar	101.10	100.45	101.40	101.10
Apr	100.55	99.85	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel	Latest	Previous	High/Low	
Jul	16.63	16.67	16.82	16.52
Aug	17.30	17.31	17.48	17.12
Sep	17.80	17.75	17.93	17.60
Oct	18.30	18.20	18.36	18.10
Nov	18.67	18.58	18.70	18.49
Mar	19.16	19.16	19.16	19.15

HEATING OIL 42,000 US galls, cents/US galls	Latest	Previous	High/Low	
Jul	4695	4690	4750	4670
Aug	4770	4771	4805	4740
Oct	5100	5091	5115	5070
Dec	5310	5315	5380	5290
Jan	5400	5380	5410	5365
Mar	5240	5190	5250	5190

COCOA 10 tonnes;$/tonnes	Close	Previous	High/Low	
Jul	1286	1311	1286	1232
Sep	1285	1341	1325	1261
Dec	1297	1360	1347	1284
Mar	1325	1370	1370	1301
May	1319	1391	1380	1330
Jul	1333	1405	1395	1380
Sep	1361	1432	1415	1361

COFFEE "C" 37,500lbs; cents/lbs	Close	Previous	High/Low	
Jul	93.05	94.75	94.80	92.95
Sep	95.25	96.60	96.80	95.05
Dec	97.90	99.20	99.50	97.90
Mar	100.50	101.00	101.50	100.50
May	102.25	103.25	0	0
Jul	103.90	104.50	104.50	104.50
Sep	106.15	106.00	107.00	107.00

SUGAR WORLD "11" 112,000 lbs; cents/lbs	Close	Previous	High/Low	
Jul	13.42	13.54	HIGH	13.40
Oct	13.20	13.34	13.61	13.18
Mar	12.69	12.81	13.42	12.68
May	12.63	12.76	12.86	12.62
Jul	12.48	12.65	12.62	12.46
Oct	12.40	12.41	12.69	0

COTTON 50,000; cents/lbs	Close	Previous	High/Low	
Jul	80.01	80.84	80.60	79.10
Oct	75.10	75.40	75.95	74.95
Dec	71.37	71.13	71.50	70.90
Mar	72.29	71.80	72.30	71.50
May	72.50	72.10	72.50	72.15

ORANGE JUICE 15,000 lbs; cents/lbs	Close	Previous	High/Low	
Jul	191.50	191.60	191.50	190.50
Sep	187.95	188.30	188.25	187.20
Nov	182.40	183.25	183.26	182.20
Jan	180.60	181.05	181.00	180.05
Mar	180.45	181.05	180.65	180.60
May	179.50	180.05	180.60	180.60
Jul	179.50	180.05	0	0

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel	Close	Previous	High/Low	
Jul	600/0	602/6	607/0	599/0
Aug	605/6	608/4	612/4	605/0
Sep	609/2	612/2	616/4	609/0
Nov	616/0	620/4	624/0	615/0
Jan	626/2	630/2	633/4	626/0
Mar	636/6	640/0	644/0	636/0
May	645/0	649/0	653/0	646/0

SOYABEAN OIL 60,000 lbs; cents/lb	Close	Previous	High/Low	
Jul	24.75	24.42	25.15	24.33
Aug	24.62	24.28	25.18	24.20
Sep	24.50	24.15	24.80	24.00
Oct	24.05	23.79	24.35	23.65
Dec	23.66	23.37	24.00	23.15
Jan	23.46	23.12	23.56	23.12
Mar	23.35	22.95	23.40	22.95
May	23.02	22.60	23.10	22.80

SOYABEAN MEAL 100 tons; $/ton	Close	Previous	High/Low	
Jul	172.7	174.1	175.3	172.2
Aug	174.8	176.2	177.2	174.2
Sep	176.5	178.0	179.0	176.3
Oct	178.2	180.0	181.0	176.0
Dec	182.2	183.6	184.2	181.5
Jan	183.2	184.7	185.5	183.0
Mar	187.0	188.1	187.5	187.0
May	189.2	189.0	189.0	187.5

MAIZE 5,000 bu min; cents/56lb bushel	Close	Previous	High/Low	
Jul	284/6	285/4	290/0	284/0
Sep	282/2	282/0	286/4	281/0
Dec	278/4	279/0	284/0	277/4
Mar	284/6	284/6	289/4	283/2
May	286/6	288/2	292/0	285/0

WHEAT 5,000 bu min; cents/60lb-bushel	Close	Previous	High/Low	
Jul	330/6	334/6	337/4	330/4
Sep	337/2	340/4	349/2	337/0
Dec	351/2	354/4	357/0	351/0
Mar	358/2	360/4	353/4	358/0
May	364/4	356/0	359/0	354/4

LIVE CATTLE 40,000 lbs; cents/lbs	Close	Previous	High/Low	
Jun	75.60	75.32	75.65	75.15
Aug	74.27	74.35	74.40	73.95
Oct	76.62	76.50	76.67	76.32
Dec	76.42	76.07	76.45	75.95
Feb	75.77	75.42	75.85	75.40
Apr	76.72	76.47	76.80	76.35

LIVE HOGS 30,000 lb; cents/lbs	Close	Previous	High/Low	
Jun	64.15	64.82	64.70	63.62
Jul	62.32	62.56	62.55	61.35
Aug	59.50	59.95	59.90	58.75
Oct	53.57	53.57	53.85	52.60
Dec	52.87	52.67	53.25	52.40
Feb	50.95	50.87	51.00	50.35
Apr	47.90	47.80	47.90	47.25

PORK BELLIES 40,000 lbs; cents/lb	Close	Previous	High/Low	
Jul	67.75	67.40	68.90	[illegible]
Aug	65.30	64.57	66.10	63.80
Feb	62.92	62.20	63.20	61.75
Mar	62.42	61.70	62.60	61.30

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Pound firm against D-Mark

STERLING MAINTAINED an underlying strength against most European currencies, but lost ground to a generally strong dollar yesterday. Attention continued to focus on the timing of British membership of the European Monetary System Exchange rate Mechanism, following comments by Mr John Major, the UK Chancellor, in Parliament on Thursday.

Speculation that the pound would quickly join the ERM appeared to be reinforced by the Chancellor's remarks that membership does not depend on the level of the retail price index, but this view was not supported by yesterday's comments from Mr Karl Otto Pöhl, president of the Bundesbank. He said the moment is not yet right for Britain to join the ERM, noting high inflation and a high current account deficit. On the other hand he added that the UK is now more ready to become a full EMS member than in the past.

The Bank of England also did nothing to encourage hopes of early ERM membership in its operations on the London money market. In declining to offer a bill repurchase facility, when supplying early help, the central bank forced operators to bid aggressively for funds, tightening up the short end of the market. This was taken as an indication that the authorities wish to dampen enthusiasm about the ERM and as a signal that a premature cut in bank base rates will not be welcomed.

At the close of trading in London sterling had climbed to DM2.8575 from DM2.8550; to SFr2.4400 from SFr2.4300; and to Y258.50 from Y257.75. It was unchanged at FFr9.6275, and fell 45 points to $1.6845. According to the Bank of England the pound's index was unchanged at 89.5.

In quiet trading the dollar nudged up towards DM1.7000 against the D-Mark. The market is looking for next week's US economic data - Retail sales on Wednesday; producer prices on Thursday; and trade figures, industrial production, capacity utilisation and consumer prices on Friday - to provide direction.

In London the dollar rose to DM1.6970 from DM1.6910; to Y153.45 from Y152.55; to SFr1.4480 from SFr1.4385; and to FFr5.7150 from FFr5.7000. On Bank of England figures the dollar's index rose to 67.9 from 67.6.

The Canadian dollar weakened on concern about the Quebec issue. In nervous trading the US dollar rose to C$1.1745 from C$1.1675.

Pressure tended to ease within the EMS, with all currencies staying within agreed limits. The weakest placed French franc fell to L218.17 from L218.24 against the lira at the Milan fixing, but remained above its floor of L218.13. The Bank of Italy bought DM114m and Ecu14m against the lira at the fixing.

£ IN NEW YORK

June 8	Latest	Previous Close
£ Spot	1.6825-1.6835	1.6880-1.6900
1 month	0.91-0.90pm	0.92-0.91pm
3 months	2.74-2.72pm	2.74-2.72pm
12 months	9.30-9.20pm	9.24-9.17pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

[illegible]

CURRENCY RATES

[illegible]

CURRENCY MOVEMENTS

[illegible]

OTHER CURRENCIES

[illegible]

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

June 8	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6785 - 1.6895	1.6840 - 1.6850	0.92-0.90cpm	6.48	2.74-2.71pm	6.47
Ireland†	1.5785 - 1.5835	1.5810 - 1.5820	0.33-0.28cpm	2.31	1.00-0.90pm	2.40
Canada	1.1700 - 1.1760	1.1740 - 1.1750	0.51-0.54cdis	-5.36	1.52-1.57dis	-5.25
Netherlands	1.9030 - 1.9130	1.9085 - 1.9095	0.01-0.03cdis	-0.11	0.04-0.06dis	-0.10
Belgium	34.75 - 34.95	34.85 - 34.95	1.00-7.00cdis	-1.38	7.00-17.00dis	-1.38
Denmark	6.44¼ - 6.46¼	6.46¼ - 6.46¾	1.20-1.50oredis	-2.51	3.50-4.40dis	-2.45
W. Germany	1.6915 - 1.7005	1.6965 - 1.6975	0.04-0.02pfpm	0.21	0.05-0.02pm	0.08
Portugal	148.60 - 148.85	148.75 - 148.85	70-80cdis	-6.05	267-282dis	-7.39
Spain	104.80 - 105.30	105.05 - 105.15	53-57cdis	-6.29	157-165dis	-6.13
Italy	1243½ - 1250½	1247½ - 1248½	2.80-3.40liredis	-2.99	9.00-10.00dis	-3.05
Norway	6.50 - 6.51½	6.51½ - 6.52	1.45-1.80oredis	-3.00	4.65-5.25dis	-3.04
France	5.70 - 5.72½	5.71¼ - 5.71¾	0.66-0.71cdis	-1.44	2.30-2.40dis	-1.65
Sweden	6.11½ - 6.13½	6.12¾ - 6.13¼	2.05-2.20oredis	-4.17	6.35-6.90dis	-4.33
Japan	152.55 - 153.50	153.40 - 153.50	0.13-0.11ypm	0.94	0.40-0.37pm	1.00
Austria	11.90½ - 11.93½	11.93½ - 11.94	0.10pm-0.30gdis	-0.10	0.10-1.20dis	-0.22
Switzerland	1.4405 - 1.4525	1.4475 - 1.4485	0.08-0.11cdis	-0.79	0.21-0.26dis	-0.65
ECU	1.2100 - 1.2165	1.2120 - 1.2130	0.19-0.18cpm	1.83	0.62-0.59pm	2.00

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

POUND SPOT- FORWARD AGAINST THE POUND

June 8	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6785 - 1.6895	1.6840 - 1.6850	0.92-0.90cpm	6.48	2.74-2.71pm	6.47
Canada	1.9715 - 1.9820	1.9735 - 1.9745	0.22-0.14cpm	1.09	0.70-0.58pm	1.30
Netherlands	3.20¾ - 3.22	3.21 - 3.22	1¾-1⅝cpm	6.30	5¼-5pm	6.38
Belgium	58.50 - 58.90	58.75 - 58.85	31-19cpm	5.10	84-66pm	5.10
Denmark	10.84½ - 10.89½	10.88½ - 10.89½	3¾-3⅛orepm	3.95	11½-10¼pm	4.09
Ireland	1.0625 - 1.0675	1.0645 - 1.0655	0.45-0.40cpm	4.79	1.20-1.10pm	4.32
W. Germany	2.84½ - 2.86	2.85½ - 2.86	1⅝-1½pfpm	6.56	4¾-4⅝pm	6.56
Portugal	249.50 - 251.45	250.00 - 251.00	19-par pm	0.46	36-65dis	-0.81
Spain	176.20 - 177.65	176.80 - 177.10	8-1cpm	0.31	25-12pm	0.42
Italy	2094½ - 2103½	2101½ - 2102½	7-5lirepm	3.42	20-17pm	3.52
Norway	10.93 - 10.99	10.97¼ - 10.98¼	3½-3orepm	3.48	9¾-9¼pm	3.44
France	9.59½ - 9.64½	9.62¼ - 9.63¼	4⅛-3¾cpm	4.91	11½-11¼pm	4.80
Sweden	10.28½ - 10.34½	10.32 - 10.33	2⅝-2⅛orepm	2.69	6¾-5¾pm	2.32
Japan	257¼ - 259	258 - 259	1¾-1½ypm	7.25	6¼-5¾pm	9.28
Austria	20.04 - 20.13	20.08 - 20.11	11¾-9¾gropm	6.31	33-30½pm	6.32
Switzerland	2.43½ - 2.44½	2.43½ - 2.44½	1⅛-1cpm	5.53	3⅝-3¼pm	5.54
ECU	1.3800 - 1.3850	1.3800 - 1.3810	0.54-0.51cpm	4.56	1.58-1.53pm	4.51

Commercial rates taken towards the end of London trading. Six-month forward dollar 5.28-5.17cpm 12 month 9.25-9.15cpm

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu June 8	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.1679	42.2783	+0.26	+0.26	±1.5508
Danish Krone	7.79845	7.83029	+0.41	+0.41	±1.6453
German D-Mark	2.04446	2.05569	+0.55	+0.55	±1.1762
French Franc	6.85684	6.92528	+1.00	+1.00	±1.3618
Dutch Guilder	2.30358	2.31263	+0.39	+0.39	±1.5272
Irish Punt	0.763159	0.766847	+0.48	+0.48	±1.6689
Italian Lira	1529.70	1511.22	-1.21	-1.21	±1.5162
Spanish Peseta	132.889	127.306	-4.20	-4.20	±4.2705

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EURO-CURRENCY INTEREST RATES

Jun 8	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	14⅞-14¾	15-14⅞	15-14⅞	15⅛-15	15⅛-15	14⅞-14¾
US Dollar	8¼-8⅛	8¼-8⅛	8¼-8⅛	8⅜-8¼	8½-8⅜	8⅝-8½
Can. Dollar	13⅝-13⅜	13⅝-13⅜	13⅝-13½	13⅝-13½	13⅜-13¼	13¼-12⅞
D. Guilder	8⅛-7⅞	8⅛-7⅞	8⅛-8	8⅜-8¼	8⅝-8½	8¾-8⅝
Sw. Franc	9¼-8⅞	9⅛-8⅞	9-8⅞	9-8⅞	8⅞-8¾	8⅝-8½
Deutschmark	7¾-7⅝	8-7¾	8⅛-7⅞	8¼-8⅛	8½-8⅜	8¾-8⅝
Fr. Franc	9⅞-9¾	9⅞-9¾	9⅞-9¾	10-9⅞	10⅛-10	10¼-10⅛
Italian Lira	13-11	11-10	11⅛-11	11⅜-11¼	11⅝-11½	12-11¾
Belgian Franc	9⅞-9⅝	9⅞-9⅝	9⅞-9¾	9⅞-9¾	9⅞-9¾	9⅞-9¾
Yen	7⅛-7⅛	7⅛-7⅛	7⅛-7⅛	7⅜-7¼	7⅜-7¼	7⅝-7½
D.Krone	10½-10¼	10½-10¼	10⅝-10⅜	10⅝-10½	10⅝-10½	10⅝-10½
Asian $Sing	8⅛-8¼	8⅛-8¼	8⅜-8¼	8⅜-8¼	8⅜-8¼	8½-8⅜

Long term Eurodollars: two years 8¾-8⅝ per cent; three years 9-8⅞ per cent; four years 9⅛-9 per cent; five years 9¼-9⅛ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

June 8	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1	1.685	2.858	258.5	9.628	2.440	3.215	2102	1.974	58.80
$	0.593	1	1.696	153.4	5.714	1.448	1.908	1247	1.172	34.90
DM	0.350	0.590	1	90.45	3.369	0.854	1.125	735.5	0.691	20.57
YEN	3.868	6.518	11.06	1000.	37.25	9.439	12.44	8132	7.636	227.5
F Fr.	1.039	1.750	2.968	268.5	10.	2.534	3.339	2183	2.050	61.07
S Fr.	0.410	0.691	1.171	105.9	3.946	1	1.318	861.5	0.809	24.10
H Fl.	0.311	0.524	0.889	80.40	2.995	0.759	1	653.8	0.614	18.29
Lira	0.476	0.802	1.360	123.0	4.580	1.161	1.529	1000.	0.939	27.97
C $	0.507	0.854	1.448	131.0	4.877	1.236	1.629	1065	1	29.79
B Fr.	1.701	2.866	4.861	439.6	16.37	4.150	5.468	3575	3.357	100.

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FORWARD RATES AGAINST STERLING

	Spot	1 mth	3 mths	6 mths	12 mths
US Dollar	1.6845	1.6754	1.6573	1.6326	1.5925
D-mark	2.8575	2.8416	2.8107	2.7723	2.7105
French Fr.	9.6275	9.5869	9.5105	9.4114	9.2588
Swiss Fr.	2.4400	2.4285	2.4045	2.3700	2.3085
Yen	258.50	256.90	253.69	249.38	241.94

FINANCIAL FUTURES AND OPTIONS

[illegible]

LONDON (LIFFE)

[illegible]

CHICAGO

[illegible]

Estimated volume 5,732 Total Open Interest 20,292

CAC-40 FUTURES (MATIF) Stock Index

	Open	Close	Change	High	Low	Open Int.
June	2045.0	2015.0	-30.0	2054.0	2013.0	5,331
July	2045.0	2051.0	+7.0	2052.5	2045.0	1,050
August	2050.0	2050.0	-5.5	2050.0	2050.0	31
September	-	-	-	-	-	10

Estimated volume 5,35% Total Open Interest 6,422

BANK RETURN

BANKING DEPARTMENT	Wednesday June 6, 1990		Increase or decrease for week
LIABILITIES	£		£
Capital	14,553,000		
Public Deposits	53,332,152	+	6,342,250
Bankers Deposits	1,830,513,528	-	12,857,133
Reserve and other Accounts	1,997,411,829	+	115,635,705
	3,895,810,509	+	109,110,828
ASSETS			
Government Securities	1,250,816,735	-	38,185,000
Advance and other Accounts	694,050,016	-	322,122,636
Premises Equipment & other Secs	1,946,282,921	+	476,107,745
Notes	4,489,831	-	6,745,989
Coin	191,000	+	28,707
	3,895,810,509	+	109,110,828
ISSUE DEPARTMENT			
LIABILITIES			
Notes in circulation	15,625,530,169	-	243,254,011
Notes in Banking Department	4,469,831	-	6,745,989
	15,630,000,000	-	250,000,000
ASSETS			
Government Debt	11,015,100		
Other Government Securities	12,475,563,592	+	619,486,901
Other Securities	3,143,421,308	-	869,496,901
	15,630,000,000	-	250,000,000

MONEY MARKETS

London rates ease

LONDON INTEREST rates eased slightly yesterday, but trading was quiet, with dealers not expecting any early change in UK bank base rates. Three-month sterling interbank was quoted at 15⅛-15 per cent against 15⅛-15⅛, and 12-month money declined to 14⅞-14¾ per cent from 15-14⅞. Short sterling futures on Liffe held in a narrow range. September delivery opened firmer at 85.38, but closed lower at 85.33, against 85.35.

UK clearing bank base lending rate 15 per cent from October 5

Day-to-day credit was in short supply on the money market. The Bank of England initially forecast a shortage of £1,100m, but revised this to £1,050m in the afternoon. Total assistance of £850m was provided.

An early round of help was offered and at that time the authorities bought £60m bank bills outright, in band 2 at 14⅞ per cent. Before lunch another £88m bank bills were purchased in band 2 at 14⅞ per cent. In the afternoon the Bank of England bought £642m bills, by way of £43m bank bills in band 1 at 14⅞ per cent; £57m Treasury bills in band 2 at 14⅞ per cent; and £542m bank bills in band 2 at 14⅞ per cent. Late assistance of around £60m was also provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £744m, with a rise in the note circulation absorbing £520m, and bank balances below target £90m. These outweighed Exchequer transactions adding £250m to liquidity.

At the weekly Treasury bill tender the average rate of discount on 91-day bills fell to 14.4428 from 14.4826 per cent. The top accepted rate of discount was 14.4596 per cent, down from 14.4997 previously. This was equal to a price of £96.396, and bids at this level received around 7 per cent of the amount applied for. The £500m bills on offer attracted bids of £2.092bn, against £2,552bn for a similar amount last week. The average rate of discount on £200m of 182-day bills fell to 13.9494 per cent from 13.9766. These met applications of £585m, compared with £778m.

In Frankfurt call money eased to 7.75 from 7.80 per cent, as banks remained well supplied with liquidity. Reserve holdings at the Bundesbank fell to DM61.8bn on Wednesday, from DM67.3bn, but averaged DM66bn for the first six days of June, against expectations of an average requirement for the whole month of around DM59bn.

FT LONDON INTERBANK FIXING

(11.00 a.m. June 8) 3 months US dollars		6 months US Dollars	
bid 8⅜	offer 8½	bid 8⅜	offer 8⅝

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

		Treasury Bills and Bonds			
Prime rate	10	One month	7.41	Three year	8.37
Broker loan rate	9⅝	Two month	7.68	Four year	8.43
Fed funds	8¼	Three month	7.97	Five year	8.40
Fed funds at intervention	8¼	Six month	8.01	Seven year	8.38
		One year	8.07	10-year	8.46
		Two year	8.32	30-year	8.43

June 8	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	7.75-7.85	7.85-8.00	8.00-8.25	8.15-8.30	8.40-8.55	8.00
Paris	9⅝-9⅞	9⅝-9¾	9⅝-9⅝	9⅞-9⅞	9⅞-10	9.50
Zurich	8¼-8⅝	8¾-9	-	8¾-9	-	-
Amsterdam	8.25-8.35	8.20-8.28	-	8.30-8.40	-	-
Tokyo	7⅛-7⅛	7⅛-7⅛	-	7⅛-7⅛	-	-
Milan	11¼-11⅝	11⅛-11⅝	-	11⅛-11⅝	-	-
Brussels	10.25	9⅞-9⅞	-	9⅞-9⅞	-	-
Dublin	11-11¼	10⅞-11⅛	11⅛-11⅛	11⅛-11⅛	11⅛-11⅛	-

LONDON MONEY RATES

Jun 8	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	16	14⅞	15	15⅛	15⅛	15
Interbank Bid	14⅞	14¾	14⅞	15	15	14¾
Sterling CDs	-	-	14⅞	15⅛	15⅛	14⅞
Local Authority Deps.	14⅞	14⅞	15	15	15⅛	14⅞
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps.	15½	14⅞	14⅞	14⅞	-	-
Company Deposits	-	-	15⅛	15⅛	15⅛	14⅞
Finance House Deposits	-	-	15	15⅛	15⅛	15
Treasury Bills (Buy)	-	-	14⅞	14⅞	-	-
Bank Bills (Buy)	-	-	14⅞	14½	14⅞	-
Fine Trade Bills (Buy)	-	-	15⅛	15⅛	14⅞	-
Dollar CDs	-	-	8.25	8.27	8.34	8.45
SDR Linked Dep. Offer	-	-	8⅞	9	9⅛	9⅛
SDR Linked Dep. Bid	-	-	8⅞	8⅞	8⅞	9⅛
ECU Linked Dep. Offer	-	-	10⅛	10⅛	10⅛	10⅞
ECU Linked Dep. Bid	-	-	9⅞	10⅛	10⅛	10⅜

Treasury Bills (sell); one-month 14⅞ per cent; three months 14½ per cent; Bank Bills (sell): one-month 14⅞ per cent; three months 14⅞ per cent; Treasury Bills; Average tender rate of discount 14.4428 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day May 31, 1990. Agreed rates for period June 26, 1990 to July 24, 1990, Scheme I: 15.91 p.c., Schemes II & III: 16.44 p.c. Reference rate for period May 1, 1990 to May 31, 1990, Scheme IV&V: 15.201 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 15½ from June 1, 1990: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6), Deposit £100,000 and over held under one month 11½ per cent; one-three months 13 per cent; three-six months 13 per cent; six-nine months 13 per cent; nine-twelve months 13 per cent; Under £100,000 11½ per cent from Oct 9, 1989. Deposits withdrawn for cash 5 per cent.

BASE LENDING RATES

	%		%		%
ABN Bank	15	Coutts & Co	15	NatWestminster	15
Adam & Company	15	Cyprus Popular Bk	15	Northern Bank Ltd	15
Allied Trust Bank	15	Dunbar Bank PLC	15	Nykredit Mortgage Bank	15½
Allied Irish Bank	15	Duncan Lawrie	15	Provincial Bank PLC	16
● Henry Ansbacher	15	Equatorial Bank plc	15	Roxburghe G'rantee	15½
Associates Cap Corp	15½	Exeter Trust Ltd	15½	Royal Bk of Scotland	15
● B & C Merchant Bank	15	Financial & Gen. Bank	15	Royal Trust Bank	15
Bank of Baroda	15	First National Bank Plc.	16½	● Smith & Williamson Secs.	15
Banco Bilbao Vizcaya	15	● Robert Fleming & Co.	15	Standard Chartered	15
Bank Credit & Comm	15	Robert Fraser & Ptns.	15½	TSB	15
Bank of Cyprus	15	Girobank	15	Unibank plc	15
Bank of Ireland	15	● Guinness Mahon	15	● United Bk of Kuwait	15
Bank of India	15	HFC Bank plc	15	United Mizrahi Bank	15
Bank of Scotland	15	● Hambros Bank	15	Unity Trust Bank Plc	15
Banque Belge Ltd	15	Hampshire Trust Plc	15½	Western Trust	15
Barclays Bank	15	Heritable & Gen Inv Bnk.	15	Westpac Bank Corp.	15
Benchmark Bank PLC	15	● Hill Samuel	§15	Whiteaway Laidlaw	15½
Brit Bk of Mid East	15	C. Hoare & Co.	15	Yorkshire Bank	15
● Brown Shipley	15	Hongkong & Shangh	15		
CL Bank Nederland	15	● Leopold Joseph & Sons	15		
● Charterhouse Bank	15	Lloyds Bank	15		
Citibank NA	15	Meghraj Bank Ltd	15		
City Merchants Bank	15	McDonnell Douglas Bnk.	15		
Clydesdale Bank	15	Midland Bank	15		
Comm. Bk. N. East	15	Mount Banking	15		
Co-operative Bank	*16	Nat Bk. of Kuwait	15		

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LEGAL NOTICES

PERSONAL

EDUCATIONAL

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) and Third Market stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ♦ Bargains done the previous day.

British Funds, etc
No. of bargains included 2027

Guaranteed Export Finance Corp PLC 12¾% Gtd Ln Stk 2002(Reg) - £102⅝

Corporation and County Stocks
No. of bargains included 4

UK Public Boards

Commonwealth-Government

Foreign Stocks, Bonds, etc-(coupons payable in London)

11½% Stk 2014(Reg) - £92⅝ ⅝ 3
Nova Scotia(Province of)11¾% Ln Stk 2019 - £96⅝
Petroleos Mexicanos 14½% Ln Stk 2006 - £91 3 8 (6Je90)
Portugal(Rep of)9% Ln Stk 2016(Reg) - £72⅝ 3⅛ (6Je90)
Province de Quebec 12¾% Ln Stk 2020 - £96⅝
Spain(Kingdom of)11¾% Ln Stk

Sterling Issues by Overseas Borrowers

Banks and Discount Companies

Breweries and Distilleries

Commercial, Industrial, etc

Financial Trusts, Land, etc

Unit Trusts

Mines - Miscellaneous

Mines - South African

Oil

Property

Insurance

Investment Trusts

Plantations

Shipping

Utilities

Water

Miscellaneous Warrants

USM Appendix

The Third Market Appendix

Rule 535(2)

RULE 535 (4) (a)

By Permission of the Stock Exchange Council

LONDON STOCK EXCHANGE

Dull finish to the trading account

THE LONDON stock futures market failed to work its magic on the underlying equity sector yesterday, and UK share prices slid lower in the face of a further weakening on Wall Street and this week's list of dismal UK corporate developments. It was the final day of what has been an extraordinarily successful two-week equity trading account, but the mood appeared much cooler ahead of the opening of the new account on Monday morning.

Government bonds drew some benefit from a steady pound, but could make only minor gains on the day; at the longer end of the range, there were rises of around ⅛.

Account Dealing Dates		
*First Dealings:		
May 29	Jun 11	Jun 25
Option Declarations:		
Jun 7	Jun 21	Jul 5
Last Dealings:		
Jun 8	Jun 22	Jul 6
Account Day:		
Jun 18	Jul 2	Jul 16

*New-time dealings may take place from 9.00 am two business days earlier.

After opening lower, share prices tried hard to move upwards when the futures market opened with a premium of nearly 50 points on the FT-SE June contract. But within half an hour, the stockmarket had lost a brief gain and was sliding lower, eventually to a mid-session loss of more than 14 points on the Footsie scale.

Trading activity was unimpressive and only a handful of somewhat hackneyed bid stories provided any highlights. Legal & General was firm for a time after a report in the press that a Dutch insurance group was interested in bidding, but a denial soon took the bounce out of the market.

The FT-SE Index ended at 2,366.6, a net loss on the day of 11.8 points, with the futures premium well off its best and not far from fair value for the first time for some while.

The FT-SE Index has drifted down by 4.8 points this week as Wall Street's rise has slowed down and the London market has faced some poor corporate results and receivership announcements from Coloroll and A. Goldberg, two companies vulnerable to lower consumer spending. There have also been expectations that the market could face rights issues from companies seeking to strengthen balance sheets.

But over the two week trading account, the equity market has risen by 101 Footsie points, or 4.5 per cent, as confidence was fuelled by Wall Street's rise and continued optimism for an early UK entry into the EMS Exchange Rate Mechanism; shortage of stock and heavy trading in the Footsie futures also drove prices.

Several leading UK securities firms were yesterday taking a more cautious view of near term prospects for equities. S.G. Warburg said: "The market has pushed the yield ratio to post-Crash highs and looks vulnerable to corporate cash calls." County NatWest, while raising its December 1991 forecast from FT-SE 2,750 to FT-SE 2,850, warned that "equity returns now offer little more than cash, while short term they are expected to drift lower."

Equity traders drew little comfort from yesterday's batch of takeover stories, none of which met with much support among the professionals.

FINANCIAL TIMES STOCK INDICES

	June 8	June 7	June 6	June 5	June 4	Year Ago	1990 High	1990 Low	Since Compilation High	Since Compilation Low
Government Secs	78.75	78.70	78.81	79.19	79.16	84.80	84.20 (2/1)	74.13 (30/4)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	87.55	87.41	87.58	87.74	87.68	95.42	92.91 (8/1)	83.80 (30/4)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share	1892.7	1904.0	1881.0	1893.9	1883.4	1775.7	1968.3 (3/1)	1653.6 (30/4)	2008.6 (5/9/89)	49.4 (26/6/40)
Gold Mines	185.1	187.9	202.9	195.6	202.4	189.5	378.5 (8/2)	185.1 (8/6)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2366.6	2378.4	2356.5	2380.1	2379.0	2142.1	2463.7 (3/1)	2103.4 (30/4)	2463.7 (3/1/90)	986.9 (23/7/84)
Ord. Div. Yield	4.89	4.86	4.92	4.89	4.89	4.54				
Earning Yld %(full)	10.92	10.85	11.04	10.97	10.98	11.00				
P/E Ratio(Net)(☆)	11.06	11.12	10.94	11.01	11.00	11.01				
SEAQ Bargns 4.45pm	31,097	29,380	27,457	32,227	31,402	24,670				
Equity Turnover(£m)†	-	1077.81	899.89	1201.49	817.06	1653.27				
Equity Bargains†	-	28,925	27,846	32,517	31,741	30,715				
Shares Traded (ml)†	-	459.6	366.9	491.6	380.5	628.8				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55, Basis 1000 FT-SE 100 31/12/83. ☆ Nil 10.94.

Ordinary Share Index, Hourly changes — Day's High 1907.7 — Day's Low 1891.2

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1900.6	1907.3	1899.3	1893.4	1896.9	1891.8	1894.7	1897.0	1892.9

FT-SE, Hourly changes — Day's High 2383.0 — Day's Low 2363.9

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2373.8	2382.3	2371.6	2365.4	2368.9	2364.2	2368.5	2371.6	2367.4

GILT EDGED ACTIVITY

Indices*	June 7	June 6
Gilt Edged Bargains	87.3	90.5
5—Day average	87.8	86.5

*SE Activity 1974. †Excluding intra-market business & Overseas turnover. Calculation of the FT Indices of daily Equity Bargains and Equity Value and of the five-day averages of Equity Bargains and Equity Value, was discontinued on July 31. Closing values for July 28 available on request.

London report and latest Share Index: Tel. 0898 123001.

Midland hints resurface

Midland Bank shares easily outperformed the rest of the banking sector as the takeover stories that have surrounded the shares for at least two years re-emerged. Recent speculation, however, has suggested that the widely predicted merger between Midland and Hongkong & Shanghai Banking Corporation had run into substantial problems. Hongkong & Shanghai has a 14.9 per cent stake in Midland.

Talk in the market yesterday was that there have been moves to merge Midland Montagu, investment banking subsidiary of Midland, with Wardley, Hongkong & Shanghai's investment banking arm in the UK.

Specialists said that such a move would be a continuation of the traditional pattern for joint ventures between the two banks. It was seen as yet another precursor to full integration between them.

Midland shares, which have shrugged aside a spate of profits downgrades in recent weeks, touched 314p yesterday before ending a busy session, in which 3.3m shares were traded, a net 7 higher at 312p.

Fisons deal

Fisons fell sharply just before the close as a large securities house tried to sell 628,000 of the company's shares, said traders.

The stock had, in common with the rest of the pharmaceutical sector, spent most of the day drifting easier with the market. The approval by the Canadian regulatory authority for Fisons to market aerosol pentamidine for use with a type of pneumonia associated with immune deficiency diseases such as Aids did little to support the shares against the selling pressure.

Traders said that although much of the sell order had been executed, it was not yet complete. Fisons ended the day 10 lower, mostly lost in the last 90 minutes of trade, at 274p and on steady turnover of 3.2m.

Other pharmaceutical stocks were dragged lower in response. Glaxo shed 7 to 807p in good trade of 2m, SmithKline Beecham eased 5½ to 551½p as 1.1m changed hands and Wellcome lost 3 to 664p in the customary thin turnover, yesterday of 249,000 shares.

Attwoods rights

Waste disposal specialist Attwoods, which has periodically been identified by the City as a company well-placed to benefit from concern over environmental matters, recovered most of an early steep fall in the wake of announcing an £82m rights issue. The terms are one new ordinary share for every four and one new ordinary for every 14.28 preference shares.

The cash will be used for the conditional £18m purchase of Atlantic Disposal (awaiting approval by the state of New Jersey). Attwoods also said it was in advanced negotiations to take a large minority interest in a privately owned UK waste management company and in US landfill sites. The total investment by the group in these would be £30m.

The combination of the rights issue, purchases and stake-taking would leave the company roughly 27 per cent geared, said analysts.

The shares fell to 445p before closing at 476p, a net decline of 2. Attwoods has in the past been supported by speculation surrounding the 34 per cent stake held by Laidlaw, the Canadian-quoted waste disposal company.

Legal & General (L & G) and the rest of the life assurance sector were given a substantial boost at the outset following a newspaper report that Legals was involved in merger talks with Nationale-Nederlanden NV, the Dutch insurance group. Nationale-Nederlanden quickly issued a denial of the story while Legal & General would not comment; the UK group has a policy of not commenting on rumours.

L & G shares raced up to 427p as the merger stories hit the market, but just as quickly fell back to end a volatile session a net 3 higher at 413p; turnover reached 3.9m.

Discussing the possibility of a takeover of L & G, one life assurance analyst thought it "most unlikely" that NatNed, capitalised at £2.5bn, would have a tilt at L & G which he said was capitalised at something around £3bn. He added that NatNed was already involved in the UK business via its Life Association of Scotland "and anyway NatNed are known to have said they regard prices paid for European life groups as basically silly — they think the Far East is much better value."

Other life stocks moved up strongly. London & Manchester, a long-time takeover target according to dealers, rose 3 to 353p, while Refuge Assurance, where French group Athena built a 9.34 per cent holding last year, advanced 10 to 667p. Prudential, which earlier in the week attracted some hefty buying on the back of talk that Prudential Corporation of America was considering a bid for the UK company, slipped 3 to 226p on heavy turnover of 6.3m.

Commercial Union, up 6 at 511p after recent confirmation that it was discussing the possible acquisition of part of Royal Trust's asset management arm, outperformed other composites. Royals were notably weak, closing 13 down at 485p.

The UBS Phillips & Drew note recommending "take profits" in Abbey National left Abbey shares 5 off at 204p on 2.3m. TSB held at 144½p on turnover of 4.9m. Worries about more profits downgrades in the sector upset Lloyds, 6 off at 285p on 3.9m, and NatWest, which dropped 9 to 345p on 2.5m.

SG Warburg remained the pick of the merchant banks, the shares advancing a further 17 to 446p; the shares go "ex" the 10p dividend on Monday and the market was thought to have been short of the stock.

A fresh slide by crude oil prices — July Brent dipped 45 cents to $15.45 a barrel amid hints that an emergency meeting of OPEC ministers may be called within days — had only a marginal effect on oil shares. "They've taken something of a beating in the past few days," noted one trader who said there had been some determined selling following a couple of bearish notes issued earlier in the week.

BP were among the worst affected by the bearish recommendations, managed a minor gain at 318½p on turnover of 4.7m — but remained 13½ off on the week.

Calor edged up 3 more to 294p, leaving the stock 13 higher over the week, as suspicions that SHV, the privately-owned Dutch investment group may, have been back into the market to increase the shareholding last revealed as being 44.2 per cent.

Wolverhampton and Dudley shone in an otherwise dull brewery sector with a rise of 11 to 399p. Analysts at County NatWest WoodMac yesterday produced a 14-page strategic assessment of the company, saying that it was set to become one of the prime beneficiaries of a liberalised beer market." The single-mindedness of the company's management would be one of the main factors behind a return to 17 per cent growth next year, said County.

Whitbread "A" climbed 4 to 462 ahead of Monday's ex-dividend date.

Berisford and Unigate both lost ground on talk that a credit line from a Japanese bank to Mr Larry Goodman, the Irish businessman, had been withdrawn. At first, dealers reckoned this would make a bid by Mr Goodman for either Berisford, in which he holds a 13 per cent stake, or Unigate, where he owns 8.6 per cent, less likely. But analysts doubted the suggestions and thought it unlikely that Mr Goodman even had such a line of credit. Berisford closed 8 lower at 118p, while Unigate was 7 easier at 299p. But A. B. Foods gained a penny to 418p on suggestions that it planned to sell its 23.5 per cent stake in Berisford to Tate & Lyle, which was down a penny at 310p.

Beazer, the aggregates and construction group, extended the excellent performance that got underway in the middle of the week; dealers noted more strong buying which they said was US sourced and Beazer shares picked up 6 more to 159p on turnover of 1.8m. Second-line housebuilders attracted more buying interest with Wilson Connolly yesterday's favourite in the sector and finally 6 higher at 175p. Earlier in the week Prowting were chased up as were Westbury.

British Telecom (BT) continued to reflect a constant stream of selling pressure by BT employees who took exercised options granted to them under BT's share save scheme. Some 90,000 employees were entitled to a total of 94m shares at a price of 168p. By the close BT were 4 off at 287½p.

BICC, whoich moved up strongly in midweek on hints of stakebuilding, ran into a bout of profit-taking and closed 7 down at 455p. GEC slipped 3 to 212½p on 4.7m.

Ocean Group, formerly Ocean Transport and Trading, bucked the market's trend with a rise of 3 to 364p. The company sold a liquified natural gas ship for £13m, which compares with a written down book value of £5m.

Buying before the shares go ex-dividend on Monday boosted Pilkington, up 5 at 204p, and Norcros, up 5 at 213p.

Dividend buying held Hanson firm against the trend. It added 1 at 245¾p. The stock goes ex-dividend on Monday.

British Steel climbed 1½ to 148½p ahead of finals on Tuesday. Turnover, at 6.8m, was relatively modest for the stock.

USM-quoted Beaverco, the mini-conglomerate based in the north West of England, slumped 45 to 85p after the company said that there had been a "fundamental mis-statement" of financial information on its Body Sculpture subsidiary since 1986. The Beaverco accounts for the year ended in March 1990 would reflect these accumulated losses and provisions against reorganisation costs would also be made. Losses and provisions would be less than £3m, assuming full tax relief on the losses, said the company.

Powerscreen International continued to benefit from recent good figures and firmed another 3 to 163p.

Avesco slipped a penny to 67p after saying it was to close the loss-making manufacturing and research operations of its subsidiary Spaceward. The company said Spaceward was unlikely to trade profitably in the foreseeable future.

USM-quoted Yorkshire Radio rose 9 to 110p, having touched 113p, after a positive statement from the company's chairman more than compensated for a 35 per cent fall in profits on ordinary activities to £410,000. The chairman said that while "weakness in the advertising market and substantially increased costs has caused us to stumble in our progress, the necessary management action has been taken . . . and we have considerable confidence in the future."

Maxwell Communications Corporation rose a penny to 198p against the trend. The company said it had spent £3.04m on the 35 per cent equity interest in International LearningSystems held by John Swire and Sons. ILS is based in Japan, and markets English language teaching aids and materials.

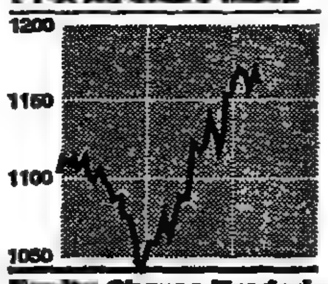
It is the exclusive agent in Japan for the BBC's "English by Radio and Television" Language course.

Lucas rose 18 to 689p before easing to close a net 3 higher at 674p ahead of the 4:1 share split on Monday. A warrant and limited life traded option will also begin dealing next week.

Glynwed was unchanged at 263p as County NatWest lowered its profit estimates for the current year to £90m from £100.5m. Mr Robert Sassoon of County said Glynwed's announcement at its annual general meeting that its first half profits would fall short of those over the same period last year had prompted him to lower his estimate.

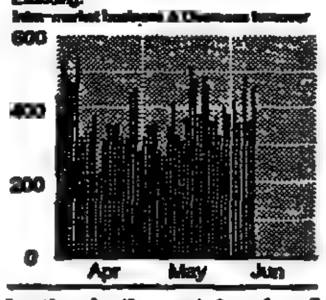
■ Other market statistics, including the FT-Actuaries Share Index and London Traded Options, Page 11.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million) Excluding: Intra-market business & Overseas turnover



TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change
AGT	595	186½	+3½
ASDA Group	2,000	118	+½
Abbey National	2,300	204	−5
Allied-Lyons	1,600	513	+1
Amstrad	1,600	71½	+½
Anglian Water	491	154	−2½
Argos	352	[illegible]	−1
Argyll Group	1,400	255	−4
Ass. Brit. Foods	492	418	+1
BAA	1,300	[illegible]	−3
BAT Inds.	1,600	654	−1
BET	[illegible]	[illegible]	
BICC	2,100	455	−7
British Gas	3,900	220½	−1
British Land	3,300	[illegible]	−12
BP	4,700	318½	+½
British Steel	6,800	148½	+1½
British Telecom	8,600	287½	−4
Bunzl	394	[illegible]	
Burmah Oil	475	[illegible]	−6
Burton	1,300	[illegible]	−1
Cable & Wire.	1,600	551	−2
Cadburys	1,600	[illegible]	−6
Calor Group	291	294	+3
Carlton Comms.	126	[illegible]	−4
Coats Viyella	1,600	126	+3
Comm. Union	2,600	511	+6
Cookson	651	[illegible]	−7

	Volume 000's	Closing Price	Day's change
Courtaulds	757	[illegible]	−4
Dalgety	[illegible]	[illegible]	
Dixons	2,100	140	−1
ECC Group	402	[illegible]	−1
Enterprise Oil	180	[illegible]	−6
FKI	1,500	74	−2
Ferranti	3,600	[illegible]	+2
Fisons	3,200	274	−10
Gen. Accident	142	[illegible]	−7
General Elec.	4,700	212½	−3
Glaxo	2,000	807	−7
Globe Inv.	2,400	[illegible]	
Glynwed Int.	1,900	263	
Hillsdown	975	272	−4
IMI	1,500	[illegible]	
ICI	657	1218	−6
Kingfisher	1,600	344	+2
Ladbroke	3,800	[illegible]	−4
Land Securities	433	[illegible]	
Laporte	[illegible]	[illegible]	−5
Legal & General	3,800	413	+3
Lloyds Abbey	351	[illegible]	−1
Lloyds Bank	3,900	285	−6
LASMO	600	[illegible]	−12
Lonrho	1,100	257	+2
Lucas	980	674	+3
MB Group	165	[illegible]	+2

	Volume 000's	Closing Price	Day's change
MEPC	409	[illegible]	−3
Manpower	291	[illegible]	−1
Marks & Spencer	2,800	[illegible]	+½
Maxwell Comm.	191	198	+1
Mecca Leisure	1,800	[illegible]	−1
Midland Bank	3,300	312	+7
NatWest Bank	2,500	345	−9
Next	1,600	[illegible]	−1
North West Water	555	[illegible]	−3
Northern Foods	809	[illegible]	−3
Northumbrian Water	111	171	−1
Pearson	409	[illegible]	−1
P & O	[illegible]	[illegible]	−3
Reed Intl.	1,300	[illegible]	
Reuters	535	1295	−6
Rolls Royce	5,400	225½	−2½
Rothmans	104	[illegible]	+3
Ryl. Bk Scotland	[illegible]	175	−3
Royal Insurance	980	485	−13
STC	2,800	[illegible]	−3
Sainsbury	416	[illegible]	−½
Scottish & New.	1,400	[illegible]	−2
Sears	3,900	106	−1½
Sedgwick	985	[illegible]	−3
Severn Trent Water	664	[illegible]	−1½
Shell Transport	871	465	+1
Siebe	779	611	−3

	Volume 000's	Closing Price	Day's change
Slough Ests.	199	298	−2
Smith (W.H.) A	1,000	348	
Smith & Nephew	2,000	[illegible]	−2
SmKl Beecham	1,100	551½	−5½
SmKl Beecham Units	122	[illegible]	−10
Smiths Inds.	1,100	271	+1
South West Water	285	181	
Southern Water	591	139	
Standard Chartd.	509	407	−3
Storehouse	1,600	125	−3
Sun Alliance	1,500	[illegible]	−3
Sun Life	176	1240	−3
[illegible]	647	187	+2
Unigate	1,200	[illegible]	−7
Unilever	1,000	[illegible]	−3
United Biscuits	1,200	352	+2
Utd. Newspapers	135	[illegible]	+2
[illegible]	3	£1616	−10
Wellcome	[illegible]	664	−3
Welsh Water	122	[illegible]	−3
Wessex Water	112	[illegible]	−2
Whitbread "A"	1,100	462	+4
Williams Hldgs.	1,000	[illegible]	−4
Willis Faber	2,200	[illegible]	−1
Wimpey	184	[illegible]	
Yorkshire Water	285	[illegible]	−2

Based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 4.30pm.

NEW HIGHS AND LOWS FOR 1990

NEW HIGHS (33). BRITISH FUNDS (3) AMERICANS (2) BREWERS (1) BUILDINGS (3) CHEMICALS (2) STORES (3) ELECTRICALS (4) ENGINEERING (2) INDUSTRIALS (5) Alexandra Workwear, Baird (Wm.), Baynes (Ch.), CRT, Diploma, Halma, Hepworth, Huntleigh Tech., INSURANCE (2) PROPERTY (1) SHOES (1) TEXTILES (1) TOBACCOS (1) TRANSPORT (3) TRUSTS (2) OILS (2) OVERSEAS TRADERS (1).

NEW LOWS (93). CANADIANS (4) BANKS (3) BREWERS (1) BUILDINGS (2) CHEMICALS (1) STORES (3) ELECTRICALS (5) ENGINEERING (3) FOODS (1) HOTELS (1) INDUSTRIALS (7) Anglo Utd., Beaverco, Comet, Cooper (Alan), Davies (D.Y.), Ensor, Norton, INSURANCE (1) LEISURE (1) MOTORS (1) NEWSPAPERS (1) PAPERS (4) PROPERTY (7) TRUSTS (3) OILS (3) MINES (24) THIRD MARKET (5).

RISES AND FALLS

	On Friday Rises	On Friday Falls	On Friday Same	On the week Rises	On the week Falls	On the week Same
British Funds	53	0	16	281	120	[illegible]
Corps, Dom. & Foreign Bonds	2	2	19	16	15	88
Industrials	315	[illegible]	869	1,943	1,605	4,364
Financial and Props	129	172	441	[illegible]	739	2,089
Oils	18	26	44	91	151	202
Plantations	1	0	9	4	7	39
Mines	15	60	90	101	296	425
Others	44	80	122	301	347	577
Totals	597	735	1,919	3,028	3,280	7,873

LEADERS AND LAGGARDS

Percentage changes since December 29 1989 based on Thursday June 7 1990

Food Retailing	+	9.15	Transport	-	2.74
Packaging & Paper	+	8.20	All Share Index	-	2.82
Agencies	+	7.71	Health & Household Products	-	3.32
Chemicals	+	4.91	Textiles	-	3.36
Brewers and Distillers	+	3.94	Telephone Networks	-	4.36
Conglomerates	+	3.84	Other Industrial Materials	-	4.55
Engineering-General	+	3.52	Food Manufacturing	-	4.99
Metals & Metal Forming	+	3.46	Motors	-	5.31
Stores	+	3.07	Investment Trusts	-	5.45
Engineering-Aerospace	+	2.29	Financial Group	-	5.91
Other Groups	-	0.51	Oil & Gas	-	7.16
Electronics	-	0.87	Publishing & Printing	-	7.80
Electricals	-	0.88	Merchant Banks	-	7.84
Consumer Group	-	0.91	Insurance(Composite)	-	8.41
Industrial Group	-	1.21	Contracting,Construction	-	8.93
Water	-	1.73	Insurance(Brokers)	-	10.23
Insurance(Life)	-	1.55	Leisure	-	10.70
500 Share Index	-	2.06	Property	-	10.75
Capital Goods	-	2.14	Overseas Traders	-	11.96
Building Materials	-	2.25	Gold Mines Index	-	30.75
Banks	-	2.48			

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		10.000	4/95	93-30	-05/32	12.09	12.00	13.48
		10.500	5/99	91-29	+02/32	12.00	12.00	12.73
		9.000	10/08	83-25	+04/32	11.09	11.01	11.55
US TREASURY *		8.875	05/00	102-24	-01/32	8.46	8.44	8.88
		8.750	05/20	103-15	-01/32	8.43	8.43	8.84
JAPAN	No 119	4.800	6/99	87.5108	-0.361	7.07	6.86	7.22
	No 2	5.700	3/07	92.9818	-0.371	6.58	6.45	7.04
GERMANY		7.750	02/00	93.0500	-0.300	8.85	8.69	8.47
FRANCE	BTAN	9.000	02/95	95.9361	-0.101	10.10	9.98	9.81
	OAT	8.500	03/00	91.9600	-0.200	9.80	9.64	9.47
CANADA *		9.750	05/00	95.0500	+0.200	10.57	10.73	11.32
NETHERLANDS		9.000	05/00	99.9700	+0.120	9.00	8.92	8.84
AUSTRALIA		12.000	7/99	92.1558	-0.198	13.59	13.44	13.61

London closing, *denotes New York morning session
Yields: Local market standard. Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

COMMODITIES

WEEK IN THE MARKETS

Gold market waits for next attack

THE WORLD gold market was waiting with bated breath yesterday for the next assault on the precious metal's price after two heavy falls during the week took it to the lowest level for nearly four years.

The line was just about held with the price closing on the London bullion market at $354.75 a troy ounce, up $1.50 cents on the day. That was $3.75 above the low reached on Thursday but it still represented a fall of $8 on the week and it would take a bold man to say with any confidence that the worst was over.

Yesterday's steadier performance owed more to the absence of sellers than to any improvement in buying interest. Activity was light as dealers nervously eyed bearish charts and pondered recurrent talk of sales by the Soviet Union, which is desperate for foreign exchange to ease its overseas credit crisis.

In contrast to the big falls of March 26 ($21.25 an ounce) and May 23 ($11 an ounce), which resulted from very heavy selling by Saudi Arabian operators, this week's setbacks of $6.50 on Monday and $4 on Thursday took place in relatively quiet trading conditions. "Physical demand for gold is absolutely lousy," explained Mr Edwin Arnold, a vice president of the Merrill Lynch International financial services group after Thursday's fall.

"In the next four or five trading days someone will have a go and push it lower," he predicted, suggesting that the price might reach $340 or $335 an ounce before recovering.

One of the factors undermining gold market sentiment has been the weakness of oil prices, and this trend took the spot market price of North Sea Brent crude to an 18-month low this week.

That low — $15.62½ a barrel for July shipments — was reached on Monday after the International Energy Agency published figures confirming that most members of the Organisation of Petroleum Exporting Countries were not implementing production cuts totalling 1.45m barrels a day agreed last month.

In its Monthly Oil Market Report, the IEA estimated Opec crude oil output in May at 23.4m b/d a day, only 400,000 b/d below the April level, which had been adjusted upwards to 23.8m b/d because of an unanticipated surge in Iraqi and Iranian liftings.

The Brent price edged upwards over the next three days, in spite of news of a further rise in US stocks of crude oil and refined products to an 8-year high, further evidence that there had been no great slowdown in Opec production. But yesterday the market came under renewed pressure and the July price was heading back towards the low.

The most volatile market on the London commodities scene this week was cocoa. As concern faded over tension in the Ivory Coast, the biggest producer, and talk circulated that the Soviet Union would resell recent purchases to ease its foreign exchange problems last week's price fall gathered pace in the early part of the week.

By Wednesday morning the September futures price at the London Futures and Options Exchange, which two weeks earlier had touched £1,008 a tonne, was down to £834 a tonne. A feeling that the market had fallen too far, too fast then brought back the buyers and the price ended that day at £883 a tonne. But after two days seeking direction the market ended yesterday with the reins firmly in the hands of the bears. The September price closed at £823 a tonne, down £49 on the day and £73 on the week.

In a somewhat shapeless week on the London Metal Exchange the zinc market displayed the only clear direction. After rising with copper on Monday slack demand encouraged a downtrend that left the cash price $60 lower on the week at 6½-week low of $1,682.50 a tonne. In the process the three months price broke through chart support areas around $1,670 and $1,650 a tonne.

LME WAREHOUSE STOCKS (As at Thursday's close) tonnes		
Aluminium	+300	to 151,000
Copper	−4,225	to 73,050
Lead	+250	to 35,325
Nickel	−54	to 8,978
Zinc	−1,900	to 43,450
Tin	−270	to 11,[illegible]

A 1,900-tonne fall in LME warehouse stocks to 43,450 tonnes — a 9-month low — sparked off a minor rally yesterday and the three months zinc price closed $5 up on the day. But the cash price extended its decline with a $5-a-tonne fall. Despite the low stocks level concern about nearby availability of zinc appeared to ease, with the cash premium narrowing from $59.50 to $49.50 a tonne.

The aluminium market continued its recent rally on Monday, when it reached $1,613 a tonne for cash metal. But with consumer buying interest drying up the price slipped back to end $11 down on the week at $1,551 a tonne.

Richard Mooney

APPOINTMENTS

Finance director of Mecca Leisure

MECCA LEISURE has appointed Mr Robert Nellist as group finance director. He was finance director of Thorn EMI. Mr Ian McIntosh, deputy chief executive and head of the corporate finance division, Samuel Montagu & Co, and Mr David Keys, chairman of HFC Bank, and of other companies, have both been appointed non-executive directors of Mecca Leisure.

■ Mr Tim Wood has been appointed chairman of F.E. WOOD HOLDINGS, Derby. He succeeds his father Mr F.E. Wood.

■ UNITED FRIENDLY INSURANCE has appointed Mr John Instance as actuary and director from July 2. He was with Tillinghast, consulting actuaries.

■ TIBBETT & BRITTEN GROUP has appointed to the main board Mr John Toyne, managing director of Lowfield Distribution, TBG's grocery division. He becomes chairman of Lowfield Distribution on July 1.

■ MERCURY COMMUNICATIONS has appointed Mr Rod P. Attwooll as a director, responsible for marketing. He was a founding director of European Silicon Structures.

■ PARRISH has appointed the following directors: Mr Thomas Lovell, Mr John Carney, Mr J.M. Wright and Mr Peter Jennings (non-executive).

Mr Lovell, founder and managing director of Lovell & Co, has been appointed chairman of Parrish. Mr Keith Smith, chief executive of Parrish Stockbrokers and an executive director of Parrish, has been made managing director.

■ Mr Paul Reece and Mr Ian Rock have been appointed directors of EUROPEAN LEISURE. Mr John Glover becomes a director of the company's principal UK operating subsidiary.

■ Mr Bernard Heywood has been appointed regional chairman of BRITISH GAS SCOTLAND. He was HQ director (operations).

Ms Lucy Heller (pictured) has been appointed treasurer of BOOKER. She was a managing director of Manufacturers Hanover. Mr Paul Gray has joined as a senior financial analyst. He was operations support manager, Dixons Group. Ms Gillian Whittington has been appointed chief executive of Booker Entertainment, which owns copyrights of Agatha Christie and Ian Fleming books.

Lord Marshall to be chairman of Minworth

LORD MARSHALL, former chairman of the Central Electricity Generating Board, is to be chairman of MINWORTH, a private mining company with some of the world's richest deposits of fluorspar, the primary source of fluorine, writes David Fishlock, Science Editor.

Minworth believes it is poised for rapid growth to meet the demand for ozone-friendly aerosol propellants and refrigerants-based on fluorine.

Lord Marshall, 57, said his role as part-time chairman would be to help Mr Peter Mason, the entrepreneur who founded Minworth, manage an expected three-fold expansion of the 500-employee company to meet chemical industry requirements.

Minworth's deposits of fluorspar - calcium fluoride - at Weardale in north-east England and Newfoundland in Canada, are low in arsenic, a common contaminant of the mineral.

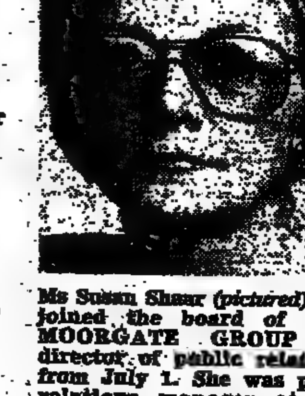
■ Mr William Hamilton, systems manager, has been promoted to technical director at PROPERTY INTELLIGENCE, and Ms Inger Mehlsen has been promoted to operations director.

■ CONTROL RISKS GROUP has appointed Mr Christopher Gordon-Wilson as managing director of Control Risks Specialist Services. He was operations director, south, with Shorrock Security, a BET subsidiary.

■ BHF-BANK, Frankfurt, has created a London-based structured finance group, headed by Ms Isabelle J. Kayaloff who has been appointed senior vice president. The group will have global responsibilities for cross border transactions. Ms Kayaloff joins from Royal Dutch Shell Group, where she has been an adviser for the financing of large investments primarily in Asia and Africa. Also joining the group is Mr Hans-Guenter Wiesenack, vice president from Frankfurt, who will focus on broadening the trade finance effort in the UK.

■ Mr Eric Barratt has been appointed senior partner of MacINTYRE HUDSON taking over from Mr John Halton who continues as a partner. Mr Barratt continues as chairman of MacIntyre Investments, a wholly-owned investment portfolio management subsidiary.

■ Mr Barrie Martin has been appointed a director of DUNCAN LAWRIE.



Ms Susan Shaw (pictured) has joined the board of THE MOORGATE GROUP as director of public relations from July 1. She was press relations manager at the Prudential Corporation.

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AUTHORISED UNIT TRUSTS

Abbey Unit Tst Mngrs (1000)H
80 Holdenhurst Rd, Bournemouth 0345 717373

	Init Chrg	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
High Income						
American Income	6	52.12	52.69	56.05	-0.28	[illegible]
Gilts & Fixed Int	6	103.5	103.5	109.7	+0.3	[illegible]
High Inc Equity	6	139.5	139.1	147.9	+0.2	4.29
Worldwide Bond	6	191.4	191.4	202.8	-0.1	[illegible]
Capital Growth						
American Growth	6	194.3	196.1	208.6	-1.0	1.12
Asian Pacific	6	141.9	134.9	154.1	-0.3	[illegible]
Assets & Earnings	6	157.6	157.6	168.5	-0.1	[illegible]
Capital Reserve Inc	0	77.73	77.73	77.89	[illegible]	7.70
Comdty & Energy	6	94.53	94.53	101.1	-0.9	[illegible]
General	6	177.1	177.1	189.4	-0.3	[illegible]
Japan	6	103.5	103.5	110.6	-0.8	[illegible]
UK Growth Dist	6	115.4	115.4	123.4		[illegible]

Abtrust Management Ltd (1200)H
10 Queens Terrace, Aberdeen AB9 1QJ

Brown Shipley & Co Ltd – Contd.

Brycourt Unit Tst Mgmt Ltd (1400)F

Buckmaster Mangmt Co Ltd (1200)H
15 St Botolph Street, London EC3A 7JJ 071-247 4542

Burrage Unit Tst Mangmt Ltd (0905)F
117 Fenchurch St, London EC3M 5AL

CCF Foster Braithwaite UT Mngt (1100)F
1 White Hart Yard, London SE1 1NX

CCL Unit Trusts Ltd (1400)F

CIBC Unit Tst Managers plc (1200)H

CIS Unit Managers Ltd (1000)F

Providence Capital Fd Mgrs Ltd – Contd.

Providence Capital Fd Mgrs Ltd (1000)H

Scottish Amicable Ut Tst Mgrs Ltd (1200)H
150 St Vincent St., Glasgow G2 5NQ

Scottish Equitable Fd Mgrs Ltd (1000)H
28 St Andrews Sq, Edinburgh

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	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Touche Remnant Unit Tst Mngt Ltd – Contd.						
TR Income Growth	5¼	89.35	89.35	95.05	-0.23	4.21
TR Income Monthly	5¼	52.59	52.59	55.94	-0.09	7.23
TR Japan Growth	5¼	87.12	87.12xd	92.48	-0.36	0
TR Overseas Growth	5¼	69.43	69.43xd	73.99	+0.08	0
TR Smaller Cos	5¼	77.19	77.19	82.11	+0.30	2.37
TR Special Ops	5¼	87.54	87.54	93.12	+0.11	3.23
TR Mngd Eq Plan Acc	5¼	36.36	36.36	38.68	-0.22	2.56
TR Mngd Eq Plan Inc	5¼	34.10	34.10	36.27	-0.20	2.57
TR Wwde Sp Sit Acc	5¼	40.16	40.16	42.88	+0.12	0
TR Wwde Sp Sit Inc	5¼	40.12	40.12	42.84	+0.12	0
TR Pension Portfolio						
TR American Grth ‡	6	29.79	30.19	32.00	-0.03	0
TR Eur Sp Sits ‡	6	36.41	36.78	38.98	-0.06	0
TR General Growth ‡	6	25.97	26.25	27.82	+0.01	0
TR Global Tech ‡	6	30.67	31.08	32.94	-0.11	0
TR Income Growth ‡	6	26.01	26.28	27.86	+0.02	0
TR Japan Growth ‡	6	27.22	27.46	29.10	-0.16	0
TR Mngd Equity ‡	6	27.84	28.14	29.82	-0.04	0
TR Overseas Growth ‡	6	29.78	30.15	31.96	+0.36	0
TR Smaller Cos ‡	6	18.25	18.44	19.55	+0.14	0
TR Special Ops ‡	6	18.01	18.20	19.29	+0.07	0
TR Stlg Liquidity ‡	6	26.27	26.73	27.84	....	0
TR Wwde Sp Sits ‡	6	32.65	33.11	35.10	...	0
Trades Union Unit Tst Mngrs (1200)H						
NLA Tower, Addiscombe Road, Croydon 081-686 4355						
TUUT	5	254.0	254.2	272.8	-0.8	3.17
Triton Fd Mngrs. Ltd. (1000)H						
Royal Ldn. Hse. Colchester CO1 1RA 0206 764400						
Triton General	5¼	171.2	173.8	184.9	-0.39	3.30
Tyndall Unit Tst Mngrs Ltd (1600)F						
25 Bucklersbury, London EC4N 0800 373574						
Austral Value	5¼	40.97	40.97	43.40	-0.05	–
British Lion	5	89.24	89.24	94.61	-0.24	4.01
Accum Units	5	94.30	94.30	99.97	-0.26	4.01
Capital Defender	5	38.23	38.23	40.53	+0.25	12.73
Accum Units	5	43.66	43.66	46.29	+0.29	12.73
1992 Eurogrowth Acc	5¼	78.63	78.63	83.35	-0.18	1.04
Income	5	78.63	78.63	83.36	-0.16	8.02
Accum Units	5	90.52	90.52	95.96	-0.12	8.02
Smaller Co's	5	71.46	71.46	75.76	+0.22	3.54
Accum Units	5	74.60	74.60	79.08	+0.23	3.54
Tiger Accum H.	5¼	76.51	76.51	81.11	-0.06	1.83
UK Unit Trust Managers Ltd (0905)F						
Worthing Road, Horsham, RH12 1SL 0403 40033						
British Growth	5¼	63.91	65.53	69.71	+0.68	2.14
Technical Analysis	5¼	64.02	64.69	68.81	+0.35	1.29
UTAM Ltd (1300)F						
1 White Hart Yard, London Bridge, SE1 071-407 5966						

	Bid Price	Offer Price	+ or -	Yield Gross
Abbey Life Assurance Co Ltd – Contd.				
High Inc. Ser. 4	475.4	500.5	+0.9	–
Money Ser. 4	250.0	263.2	–	–
Intl Ser. 4	115.7	121.8	-0.9	–
Custodian Ser. 4	105.2	110.8	-0.1	–
Pension Funds				
Property	648.0	682.2	–	–
Equity	1172.8	1234.6	-4.3	–
Selective	384.4	404.7	-0.6	–
Managed	865.1	910.7	-1.8	–
Security	494.1	520.2	–	–
Fixed Int.	259.2	272.9	+0.7	–
Indexed	159.1	167.5	+0.1	–
American	281.2	295.9	-1.5	–
Japan	327.3	344.6	-2.1	–
European	189.3	199.3	-0.3	–
High Income	132.0	139.0	+0.2	–
Ethical	121.9	128.4	+0.4	–
International	214.2	225.5	-0.8	–
Acuma Life Assurance Ltd				
The Glanty, Egham, Surrey TW20 9AT 0784 475333				
Managed	175.4	184.6	+0.2	–
World Growth	148.8	156.6	-0.1	–
UK Equity	203.8	214.5	+0.3	–
UK Small Companies	173.6	182.7	+0.5	–
European	154.5	162.6	-0.2	–
Far Eastern	312.7	329.1	+0.4	–
Nth American	116.9	123.0	-0.3	–
Fixed Interest	126.3	132.9	+0.4	–
Index Linked Stks	143.0	150.5	-0.1	–
Money	128.3	135.0	–	–
Pen Managed	223.9	235.7	+0.2	–
Pen World Growth	163.9	172.5	-0.1	–
Pen UK Equity	290.6	305.8	+0.7	–
Pen UK Small Cos	219.8	231.3	+0.9	–
Pen European	152.8	160.8	–	–
Pen Far Eastern	465.3	489.7	-0.2	–
Pen Nth American	118.6	124.8	-0.2	–
Pen Fixed Interest	153.3	161.3	+0.6	–
Pen Index Lnkd Stks	153.1	161.1	+0.1	–
Pen Money	148.4	156.1	–	–
AEtna Life Insurance Co Ltd				
2-12 Pentonville Rd, London N1 9XD 0800 010575				
Life Funds (Accumulator Units)				
Squirrel	13.77	14.50	–	–
Bear	13.86	14.59	+0.09	–
Owl	16.74	17.63	–	–
Bull	15.18	15.98	-0.02	–
Stag	15.49	16.31	-0.01	–
Gilt-Edged	12.01		+0.00	–

OTHER UK UNIT TRUSTS

INSURANCES

	Bid Price	Offer Price	+ or -	Yield Gross
London Life—Contd.				
Index Stock (A)	118.5		–	–
International (A)	131.7		–	–
Pensions				
Equity (P)	501.9		–	–
Fixed Int. (P)	304.7		–	–
Property (P)	266.4		–	–
Deposits (P)	238.2		–	–
Mixed (P)	370.1		–	–
Index Stock (P)	170.3		–	–
International (P)	234.7		–	–
Equity (z)	110.6	116.5	–	–
Fixed Interest (z)	100.0	105.4	–	–

Continued on next page

FT MANAGED FUNDS SERVICE

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	Bid Price	Offer Price	+ or −	Yield Gross
Norwich Union Life Insurance Soc.—Contd.				
Pensionwise* & Unit-Linked Plan*				
Mixed Fund	404.9	426.2	+2.1	—
Ordinary Share Fund	597.3	628.7	+2.6	—
International Fund	171.7	180.7	+0.3	—
Property Fund	262.5	276.3	+0.3	—
Fixed Interest Fund	294.4	309.9	+0.2	—
Index-Linked Sec Fund	171.7	180.7	+1.1	—
Deposit Fund	225.8	237.7	+0.4	—
Norwich Units May 15	950.37		......	—
*Prices as at June 5				
Jersey Investment Plan				
With Profits Fund	98.79	103.99	+0.04	—
Intl Equity Fund	96.47	101.55	−0.36	—
Intl Bond Fund	97.86	103.01	+0.09	—
Pearl Assurance (Unit Funds) Ltd				
Thorpe Wood, Peterborough PE3 6SA 0733 63212				
Prop. Dist. (Gross)	170.4	179.4	......	—
Prop. Acc. (Gross)	291.5	306.9	......	—
Equity (Gross)	818.8	861.9	+0.8	—
Managed (Gross)	570.6	600.7	+0.8	—
Prop. Acc. (Net)	135.4	142.6	......	—
Equity (Net)	188.6	198.6	+0.2	—
Managed (Net)	173.8	183.0	+0.2	—
International (net)	168.5	177.4	−0.3	—
Gilt & Fxd Interest	104.2	109.7	+0.2	—
Money Fund	116.0	122.1	+0.1	—
Pearl Assurance (Unit Linked Pens) Ltd				
Ret Man (Series 1)	573.7	603.9	+1.4	—
Ret Man (Series 2)	194.5	204.8	+0.4	—
Ret Man (Series 3)	129.7	129.7	+0.4	—
Ret Cash	155.1	163.3	+0.1	—
Ret Cash (Series 3)	128.7	128.7	......	—
Pegasus Assurance Ltd				
Broad Quay, Bristol BS1 4DJ 0272 230271				
Life Funds				
Managed Aggressive	106.0	111.7	−0.1	—
Managed Balanced	98.8	104.0	+0.1	—
Managed Cautious	94.1	99.1	+0.3	—
Pension Funds				
Managed Aggressive	107.1	112.7	−0.2	—
Managed Balanced	100.1	105.4	+0.1	—
Managed Cautious	94.9	99.90	+0.3	—
Pioneer Mutual Insurance Co Ltd				
16 Crosby Rd, N. Waterloo, Liverpool 051-928 6655				
Managed Fund	322.2	339.2	......	—
Man Pens Inc & Cap Fds	429.6	452.3	......	—
Money Fund	130.5	137.4	......	—
Pens Mngd Fd (unit)	113.2	119.2	......	—

	Bid Price	Offer Price	+ or −	Yield Gross
Prudential Assurance Co				
Holborn Bars, London EC1N 2NH 071-405 9222				
Prufund				
Managed June 6	250.1	260.6	......	—
Prudential Holborn Life Ltd				
30 Old Burlington St, London W1X 1LB 071-439 3154				
Holborn Series I Life Funds				
Managed	566.3	596.2	+0.6	—
Equity	1134.5	1275.3	+2.8	—
Fixed Interest	375.6	395.4	+1.9	—
Property	435.1	458.1	......	—
Cash	285.9	301.0	......	—
International	405.0	426.4	−0.6	—
Holborn Series II Life Funds				
Managed	553.6	583.0	+0.5	—
Equity	1126.0	1185.3	+2.7	—
International	396.2	417.1	−0.6	—
Fixed Intl	364.9	384.2	+1.8	—
Property	423.1	445.4	......	—
Cash	278.3	293.0	+0.1	—
Pacific Basin	212.6	223.8	−1.9	—
North American	159.2	167.6	+1.9	—
European	191.6	201.7	−1.1	—
Holborn Balanced Cash	115.3	121.4	−0.2	—
Holborn Strategic Cash	115.5	121.6	−0.2	—
Prudential Holborn Pensions Ltd				
30 Old Burlington St, London W1X 1LB 071-439 3154				
Managed	590.7	621.8	−2.3	—
Equity	855.0	900.1	−3.0	—
Global Equity	252.7	266.1	−2.0	—
Fixed Interest	402.5	423.7	+2.0	—
Property	434.0	456.9	......	—
Cash	178.6	188.0	......	—
Index Linked Gilt	207.1	218.1	......	—
Guaranteed	14.25			—
International Money	213.7	225.0	+0.3	—
North American	77.5	81.6	+0.9	—
Japanese	129.6	136.5	−1.8	—
European	114.0	120.1	−0.1	—
Special Situations	119.1	125.4	−0.1	—
Communications	101.7	107.1	−0.6	—
Smaller Companies	108.0	113.7	+0.1	—
International Small Cos	144.7	152.4	......	—
Prudential Pensions Limited				
Holborn Bars, London EC1N 2NH 071-548 3281				
Discretionary May 30	£167.57	172.68	+3.41	—
Equity May 30	£181.39	187.78	+3.56	—
International May 30	£30.00	30.67	+0.23	—
Intl Bond May 30	£12.18	12.33	+0.1	—
Fixed Int May 30	£74.96	75.81	+1.11	—

OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)

FT MANAGED FUNDS SERVICE

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	Bid Price	Offer Price	+ or -	Yield Gros
Stonehage Fund Mngrs Ltd				
Intl Man Fd	$10.91	10.97	....	-
Stronghold Asset Mngmt (Guernsey) Ltd				
Tech and Comm	£14.15	15.02	+0.50	-
Pacific Basin Fd	$102.50	108.88	+2.82	-
Western European	$17.44	18.65	-0.20	-
The Thai-Euro Fund Ltd				
Lloyds Bank Fund Mngrs (Guernsey) Ltd				
NAV May 25		23.37	....	-
Tyndall International (Guernsey) Ltd				
Capital Defender	$1.29	1.37	-0.01	-
Hi Yield Bond	63.7	67.0	-	-
Internat. Spec. Sits	47.7	50.1	-0.4	-
Maruwachi Fd	88.7	93.2	-0.4	-
U.S. Treasury Securities Fund Ltd				
Short Term Shares		$710.07	-	-
Fixed Income Shares		$826.83	-	-
Wellington Fd Mngrs (Guernsey) Ltd				
Intnl Growth Fd	$13.70	14.38	....	-
Yamaichi Capital Mangmt (Guernsey) Ltd				
Japan Mega Growth		$12.36	-0.06	-
Yamaichi TSS Fund		$9.81	-0.06	-
Yamaichi CB Plus Fund		$9.30	-0.08	-
Thai Inv Fund		$13.88	-	-

IRELAND (SIB RECOGNISED)

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
AIG Fund Management Ltd "MI Trusts"						
MI Global Dollar	5-		1.00	1.07	....	-

ISLE OF MAN (SIB RECOGNISED)

Allied Dunbar Intl Fund Mgrs (1600)H

Lord Street, Douglas, IoM 0624 661551

ADI Managed(z)	5	$0.9902	0.9902	0.6285	[illegible]	-
ADI Mgd Currency(z)	5	$1.3499	0.3499	0.3684	[illegible]	-
ADI W'wide Eq(z)	5	$0.6381	0.6381	0.6795	[illegible]	-
ADI Hgh Alloc Gth(z)	5	$0.6132	0.6132	0.6530	[illegible]	-
ADI Far East (z)	5	$1.1728	1.1728	1.2490	[illegible]	-

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Allied Irish Fund Managers — Contd.						
Do Sterling Equivalent			£21.3078		-	-
Ecu			Ecu12.9643		-	-
Irish Gilt Fd			I£189.5937		-	-
Intl Managed Dollar			$23.9274		-	-
Intl Managed Bond			I£21.6117		-	-
Barclays Intl Funds						
Currency Funds						
Sterling			£17.99		....	14.0
US Dollar			$28.95		+0.01	7.1
Deutschemark			DM49.65		+0.01	6.6
Yen			Y3,706		-	5.5
Managed Multicurrency		£12.49	12.94		-0.01	-
Managed Multicurrency		$23.63	24.47		+0.01	-
Bond Funds						
Sterling Bond		£0.379	0.394		+0.001	12.1
US Government Income		$95.11	98.51		+0.02	8.5
Brown Shipley Fund Mgmt (CI) Ltd						
Sterling Bond(Daily)		£8.73	9.03		+0.03	11.07
Sterling Cap (Daily)		£31.77	31.78		+0.01	-
Intl. Bond (Daily)		$14.38	15.31		+0.06	8.42
Int Currency (Wed)		£1.49	1.53		....	7.84
Cater Allen Investment Management (CI)						
CA Gilt Income		£6.66	6.96		....	17.24
CA Gilt & Futures		919.00	966.00		....	8.20
CA Equity Gwth(2-11)		£4.63	5.05		....	3.98
Citibank (CI) Ltd "Citifunds"						
Liquidity Funds						
Deutschmark			DM26.775		+0.006	-
Yen			Y2709.675		+0.566	-
Sterling			£10.171		+0.004	-
US Dollar			$16.361		+0.003	-
Managed			$16.112		+0.003	-
Short Term Investment Funds						
Irish £ June 7			97.912		+0.371	-
Equity Funds						
Global Equity			$17.073		-0.107	-
Japan Equity June 7			$10.827		+0.061	-
Europe Equity June 11			$16.283		-0.122	-
US Em High June 11			$12.665		+0.142	-
US Spec Sits June 11			$14.961		+0.020	-
US Em Tech June 11			$14.489		+0.283	-
Chicare June 11			$19.370		+0.219	-
Bond Funds						
Global Bond			$13.292		-0.023	-
GNMA Bond June 11		$12.113	12.127		+0.110	-
HYB (A) June 11			$7863.157		[illegible]	-
EBC Trust Company (Jersey) Ltd						

ISLE OF MAN (REGULATED)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

Money Market Trust Funds

Money Market Bank Accounts

MANAGED FUNDS NOTES

WORLD STOCK MARKETS

US MARKETS (1pm)

CANADA (1pm)

AUSTRIA

BELGIUM/LUXEMBOURG

DENMARK

FINLAND

FRANCE

GERMANY

ITALY

NETHERLANDS

NORWAY

SPAIN

SWEDEN

SWITZERLAND

SOUTH AFRICA

JAPAN

AUSTRALIA

HONG KONG

MALAYSIA

SINGAPORE

INDICES

NEW YORK

DOW JONES

	June 7	June 6	June 5	June 4	1990 HIGH	1990 LOW	Since compilation HIGH	Since compilation LOW
◊Industrials	2897.33	2911.65	2925.00	2935.19	2935.19 (4/6)	2543.24 (30/1)	2935.19 (4/6/90)	41.22 (2/7/32)
Home Bonds	(u)	90.99	90.91	90.68	93.04 (3/1)	88.48 (2/5)	—	—
Transport	1208.58	1212.77	1212.59	1207.85	1212.77 (6/6)	1031.83 (30/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	213.91	214.54	215.10	215.42	236.23 (2/1)	203.09 (30/4)	236.23 (2/1/90)	10.50 (8/4/32)

◊Day's High 2930.58 (2936.65) Low 2880.34 (2891.99)

STANDARD AND POOR'S

	June 7	June 6	June 5	June 4	1990 HIGH	1990 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	363.15	364.96	366.64	367.40	367.40 (4/6)	322.98 (30/1)	367.40 (4/6/90)	4.40 (1/6/32)
Industrials	422.63	424.61	426.88	428.34	428.34 (4/6)	371.92 (30/1)	428.34 (4/6/90)	3.62 (21/6/32)
Financial	30.96	31.16	31.41	31.15	31.87 (3/1)	26.59 (27/4)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	198.21	199.15	199.93	200.21	200.21 (4/6)	178.43 (30/1)	200.21 (4/6/90)	4.46 (25/4/42)
Amex Mkt. Value	363.57	364.19	363.83	364.40	382.45 (5/1)	342.64 (24/4)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	464.09	464.96	464.61	465.61	465.61 (4/6)	410.72 (30/1)	485.73 (9/10/89)	54.87 (31/10/72)

	May 25	May 18	May 11	year ago (approx.)
Dow Industrial Div. Yield	4.01	3.99	3.93	3.34

	June 6	May 30	May 23	year ago (approx.)
S & P Industrial div. yield	2.91	2.93	2.94	3.18
S & P Indl. P/E ratio	17.01	16.89	16.08	12.79

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
Genentech	3,353,700	26¼	− 1
Philip Morris	2,279,500	44¾	—
Ohio Edison	1,849,200	20⅞	− ⅛
Eastman Kodak	1,836,600	42⅞	+ ⅛
Norton	1,750,500	87¾	− 2⅞
Comp Assoc	1,720,700	16¼	+ ¼
AM Express	1,660,500	31⅞	+ ¼
Am T & T	1,630,200	42¾	+ ⅛
IBM	1,487,400	120¼	—
Upjohn	1,448,800	41⅛	− ⅜

TRADING ACTIVITY

† Volume (Millions)	June 7	June 6	June 5
New York	160.420	164.020	199.664
Amex	10.469	13.342	12.078
NASDAQ	(u)	156.316	173.460
Issues Traded	2,006	2,003	2,036
Rises	639	626	795
Falls	841	868	811
Unchanged	526	509	470
New Highs	37	32	69
New Lows	15	28	36

CANADA

TORONTO

	June 7	June 6	June 5	June 4	1990 HIGH	1990 LOW
Metals & Minerals	3236.00	3240.20	3235.60	3258.40	3453.05 (4/1)	2850.80 (23/4)
Composite	3604.64	3611.93	3596.70	3601.50	4009.47 (3/1)	3334.20 (1/5)
MONTREAL Portfolio	1873.67	1877.99	1870.14	1868.57	2060.90 (3/1)	1720.25 (27/4)

Base values of all indices are 100 except NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals—1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	June 8	June 7	June 6	June 5	1990 HIGH	1990 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1504.1	1509.2	1526.9	1520.8	1713.7 (2/1)	1494.5 (30/4)
All Mining (1/1/80)	728.5	736.2	748.8	749.1	868.8 (3/1)	715.5 (1/5)
AUSTRIA						
Credit Aktien (30/12/84)	581.16	582.45	588.27	585.25	703.29 (10/3)	526.99 (2/1)
BELGIUM						
Brussels SE (Cash Mkt) (1/1/80)	6575.70	6578.64	6592.54	6644.27	6999.43 (12/1)	5988.16 (26/2)
DENMARK						
Copenhagen SE (3/1/83)	376.88	376.66	377.48	(c)	380.47 (20/3)	332.96 (22/1)
FINLAND						
Unitas General (1975)	576.3	575.8	578.7	575.7	677.3 (25/1)	562.2 (11/5)
FRANCE						
CAC General (31/12/82)	548.71	548.59	553.44	557.41	564.42 (30/5)	482.94 (26/2)
CAC 40 (31/12/87)	2021.41	2030.45	2045.43	2069.43	2129.32 (20/4)	1808.32 (26/2)
GERMANY						
FAZ Aktien (31/12/58)	775.49	785.53	787.46	794.23	830.92 (3/4)	732.72 (24/1)
Commerzbank (1/12/53)	2258.9	2265.4	2275.7	2308.1	2434.0 (3/4)	2151.5 (24/1)
DAX (30/12/87)	1822.23	1837.43	1849.02	1876.49	1968.55 (30/3)	1756.41 (24/1)
HONG KONG						
Hang Seng Bank (31/7/64)	3174.33	3145.30	3172.49	3159.06	3174.33 (8/6)	2738.24 (1/2)
IRELAND						
ISEQ Overall (4/1/88)	1706.65	1709.43	1702.28	1709.92	1885.10 (22/1)	1582.61 (2/5)
ITALY						
Banca Com. Ital. (1972)	751.99	751.39	749.26	748.29	751.99 (8/6)	646.25 (26/2)
JAPAN						
Nikkei (16/5/49)	32993.29	33198.56	32553.50	32951.62	38712.88 (4/1)	28002.07 (2/4)
Tokyo SE (Topix) (4/1/68)	2411.78	2428.44	2423.07	2424.55	2867.70 (4/1)	2058.82 (3/4)
2nd Section (4/1/68)	4049.07	4057.12	4039.37	4013.17	4284.66 (5/2)	3313.92 (3/4)
MALAYSIA						
KLSE Composite (4/4/86)	586.85	585.74	(c)	586.58	622.20 (20/3)	538.53 (2/5)
NETHERLANDS						
CBS Tdl.Rtn.Gen.(End 1983)	264.4	267.2	266.1	268.4	269.0 (5/1)	240.1 (26/2)
CBS All Shr (End 1983)	198.6	199.2	198.4	200.0	206.3 (3/1)	184.2 (26/2)
NORWAY						
Oslo SE (Ind) (2/1/83)	845.09	848.31	852.65	859.65	859.65 (5/6)	708.67 (2/1)
PHILIPPINES						
Manila Comp (2/1/85)	772.15	764.55	749.31	773.50	1160.70 (21/3)	749.31 (6/6)
SINGAPORE						
SES All-Singapore (2/4/75)	438.46	435.94	432.91	433.51	443.34 (6/3)	401.34 (30/4)
SOUTH AFRICA						
JSE Gold (28/9/78)	1461.0	1492.0	1549.0	1532.0	2230.0 (24/1)	1461.0 (8/6)
JSE Industrial (28/9/78)	2989.0	3004.0	3001.0	2992.0	3211.0 (8/2)	2774.0 (25/4)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	865.63	884.09	(c)	887.97	928.82 (4/1)	690.66 (3/5)
SPAIN						
Madrid SE (30/12/85)	284.91	285.45	286.46	288.06	302.85 (4/1)	248.17 (2/5)
SWEDEN						
Affarsvärlden Gen. (1/2/37)	1275.80	1275.10	1279.20	1288.50	1317.80 (2/1)	1127.20 (2/5)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	816.6	815.8	815.0	825.1	825.1 (5/6)	737.6 (27/2)
TAIWAN**						
Weighted Price (30/6/66)	6454.32	6882.12	7075.50	7359.71	12495.34 (10/2)	6446.44 (25/5)
THAILAND						
Bangkok SET (30/4/75)	1033.52	1022.98	1011.89	1010.86	1033.52 (8/6)	703.39 (7/2)
WORLD						
M.S. Capital Intl. (1/1/70)	(c)	525.6	526.1	527.30	571.0 (4/1)	488.3 (2/4)

**Saturday June 2: Taiwan Weighted Price: 7657.01. Korea Comp Ex. 884.85

◊ Subject to official recalculation.

Base values of all indices are 100 except: Brussels SE, ISEQ Overall and DAX—1,000, JSE Gold—255.7, JSE Industrials—264.3 and Australia All Ordinary and Mining—500; (c) Closed. (u) Unavailable.

WORLD STOCK MARKETS

AMERICA

Dow tumbles on the fourth day of profit-taking

Wall Street

PROFIT-TAKING and bursts of programme trading undermined the equity market again yesterday, halting an early attempt to rally after three consecutive daily losses, *writes Janet Bush in New York.*

At 1.30 pm, the Dow Jones Industrial Average was quoted 35.92 lower at 2,861.41 on moderate volume of 94m shares by midsession. The Dow initially jumped 7 points, but then turned lower. The Dow had closed 14.32 lower on Thursday at 2,897.33.

After more than a month of steady rises, the first serious bout of profit-taking has surfaced. Before this week, there had been only one occasion since late April when the index had fallen on two consecutive days, and one of those declines was only 0.71 point.

The stocks which led the market to record highs were hardest hit. Compaq Computer, which has been one of this year's strongest performers, dropped $2⅞ to $116⅞. IBM, which finally burst into life during May, was down $⅞ at $119⅞.

PepsiCo dropped $1⅛ to $72⅞, Coca-Cola fell $⅛ to $44⅝ and Home Depot slumped $1⅛ to $55⅞.

Other stocks which had lagged behind during the May rally, only to jump earlier this week, also fell prey to profit-taking. Among financial stocks which rallied strongly, Primerica was quoted $⅞ lower at $32⅛, JP Morgan dipped $⅞ to $37⅞ and Citibank slipped $⅛ to $23⅞. However, these losses were much smaller than this year's market leaders.

Among featured stocks was ConAgra, which jumped $1⅛ to $33⅛ after news of its agreement to acquire Beatrice from Kohlberg Kravis Roberts for $1.34bn in cash and stock. The acquisition gives the company the brand names such as Hunt's and Wesson and boosts its position in the grocery business.

Genentech rose $⅞ to $26⅞ having fallen $1 in heavy trading on Thursday, a decline triggered by the fact that the stock dropped out of the Standard & Poor's 500 index at Thursday's close due to its proposed merger with Switzerland's Roche.

Gap slumped another $3 to $55⅞ having plunged $4⅞ on Thursday. The retailer reported disappointing sales in May, prompting some analysts to lower their earnings forecasts. Among other specialty retailers, The Limited fell $1⅛ to $46⅞.

Mr Newton Zinder, technical strategist at Shearson Lehman Hutton, cited Gap as one of the stocks which has recently appeared to fall into a black hole. This is his way of describing sudden, heavy selling of an issue with apparently no buyers to limit the fall. This has happened to a number of stocks recently, including Adobe Systems on the over-the-counter market, and Mr Zinder sees this as a sign that the technical standing of the market has started to deteriorate.

Canada

WORRIES THAT the Meech Lake constitutional talks might collapse this weekend pushed Toronto stocks down across the board at midsession, as investors sold off their positions. The composite index lost 21.0 to 3,583.7 on volume of 11.61m shares. Declines led advances 340 to 159.

Dofasco rose C$⅞ to C$22⅞ after news that its subsidiary, Algoma Steel, would sell its US raw material holdings to reduce debt. Among active traders, Canadian Pacific lost C$⅛ to C$22⅞, Toronto-35 fell C$⅛ to C$19⅞, Thomson Corp was flat at C$15⅞ and Counsel Corp gained C$⅛ to C$12.

SOUTH AFRICA

GOLD SHARES remained soft in quiet trading, as the market watched for further signs of weakness in the bullion price. The JSE all-gold index fell 31 to 1,461 while the overall index eased 15 to 2,989. Vaal Reefs lost R8 to R286.

Unknowns flourish in Hong Kong's 'chain-letter' rally

A new trend has helped to lift the market, a year after the Tiananmen Square crisis, writes John Elliott

IT HAS been Ming Ren's week in Hong Kong, as the local stock market has survived the first anniversary of China's Tiananmen Square crisis with the local Hang Seng index hovering confidently between 3,100 and 3,200, its highest since last June's upheavals.

Ming Ren, the owner of the Coral Princess, an unimpressive passenger ship bought for about HK$75m ($9.6m) from the Swire group and now swinging at anchor in the inner harbour, has been the most active stock on the exchange in a week that has seen spectacularly hyped performances by virtually unknown companies.

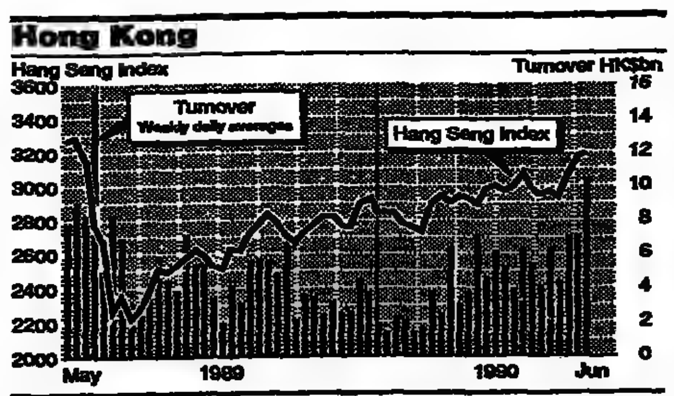
Ming Ren's daily turnover went as high as HK$209m on one day when Swire Pacific, the blue chip stock, was the second most active at only HK$90m. This raised the price of Ming Ren's recently unpopular stock from about HK$2 to a high of more than HK$8 in the space of a month, giving the 30 per cent Taiwan-financed company, which owns only the ship, a market capitalisation of about HK$800m.

This activity illustrates a new trend in Hong Kong, which has spent the past year looking for good news. "For the first time since Tiananmen Square, a lot of local retail money has suddenly been coming into the market," says Ms Jill Zimmern of F.R. Zimmern, a local brokerage. "First you hear rumours of Taiwan money coming in – they prefer speculative stocks – and then the local people seem to spot a share for the day and go for it."

Along with other unknowns, including Winland Investments and Newfoundland, Ming Ren has climbed on unsubstantiated rumours of backing from illustrious market operators, of new assets being injected and of rights issues.

"Trading in these shares is like a chain letter: you pay off the recipients in the hope you'll get an even bigger amount of money in the end," says Mr Angus Baxter, joint managing director of Smith New Court Far East. "But at some time the passing-on stops and the bubble bursts."

The stocks have outclassed other, much-traded companies such as Playmates, which was popular recently after the company invented the dreaded Mutant Ninja Turtle toy, and a shell company called Tylfull,



which is billed to have a great future now that it is part of Peking-controlled China International Trust and Investment Corporation. Blue chips such as Jardine Matheson and Swire Pacific, which have been benefiting from high profile promotional roadshows in Europe, have also been overshadowed.

Mr James Osborne, assistant director of sales at Baring Securities, says: "It was a bit like this just before the '87 crash. People were bored with blue chips and were becoming more confident about the political situation."

Taking a positive view, Mr Richard Witts, managing director of Schroder Securities (Hong Kong), says: "It has been a good week, with solid buying and some consolidation. Hong Kong is now consolidating before moving on to higher levels. London is still buying and regional money is coming in from Singapore and Malaysia."

Other brokers report that international fund managers have been moving in on the back of the local buying. The market has also been boosted by news of two Singapore investors taking up 14 per cent of a 49 per cent share flotation in South China Morning Post (Holdings), at present owned by Mr Rupert Murdoch's News Corporation. Details of the transactions are to be announced on Monday.

With daily trading volumes above HK$2bn in the last week, reaching HK$2.2bn yesterday, the market has shown more buoyancy than for most of the past year, but it has yet to recover from the legacy of Tiananmen Square. Last night the Hang Seng closed up 29.03 at 3,174.33, for the time being unable to break through 3,200.

The index's all-time high was 3,949.73 on October 1, 1987, just before the world markets' crash. It crawled back to a post-crash high of 3,309.64 on May 15 last year, but then the tension of the Tiananmen Square students' demonstrations caused it to fall, reaching its lowest point on June 5 when it closed at 2,093.61.

Since then, the political noises from Peking have been too unsettling and even aggressive for it to break confidently through the 3,000 barrier. Earlier this year, it was also restrained by Tokyo's fall.

With price/earnings multiples of about 9, however, it is regarded locally as under-priced compared with other Asian regional markets. It is generally accepted that there is room for prices to rise once Hong Kong's economic growth picks up from its present position of around zero.

Baring Securities is confident that the Government's plan for a 3 per cent growth in gross domestic product will be met this year, and forecasts 6 per cent next year. "We think the market deserves re-rating but not too rapidly; maybe the Hang Seng can get to 3,600 by the end of this year," says Mr Stewart Cook, head of Baring's research team.

Mr Barry Yates, research director of First Pacific Securities, is less confident than others that China's economy and tourist traffic will improve quickly enough for Hong Kong's economic growth to pick up to that extent. He sees Hong Kong's present rally as being politically based. "The market is taking comfort from the fact that China has been making concessions to world opinion, however opaque, and from the helpful US move [in keeping China's] most favoured [trading] nation status," he says.

ASIA PACIFIC

Nikkei slips as bonds succumb to interest rate fears

Tokyo

AFTER A promising start, equities followed bonds lower on concerns that short-term domestic interest rates could tighten further. The Nikkei ended just below the 33,000 chart resistance point, after failing to rise decisively through it this week, *writes Michiyo Nakamoto in Tokyo.*

Investors had feared large-scale arbitrage selling following yesterday's setting of a special settlement price for the June futures contract which expired on Thursday. But the market emerged relatively unscathed.

Selling by some brokers as they unwound their positions was overshadowed by active arbitrage buying by large US houses, which found it more profitable to roll over their positions to the September contract, said Mr Graham Biggart at Schroders Securities.

The Nikkei average closed 199.21 lower at 32,993.29, up a marginal 0.3 per cent on the week, after hitting a high of 33,344.92 and a low of 32,951.04. The index's fall was largely due to weakness in large capital issues. Declines led advances by 558 to 398 while 178 issues were unchanged.

Turnover increased to 700m shares from 650m. The Topix index fell 16.66 to 2,411.78, partly on a substantial arbitrage selling. In London, the ISE/Nikkei rose 0.58 to 1,804.03.

Fears of higher domestic rates and the market's lack of energy were the main reasons why large capital issues could not be supported, said Mr Toshiyuki Nishiguchi at Daiwa Securities. Investment funds have been escaping from the first section to the more buoyant smaller stocks. Yesterday, the second section rose for the ninth session in a row.

Large capital shipbuilders were lower. Mitsubishi Heavy Industries lost Y30 to Y1,060 in active trading. Financial stocks were also hit by interest rate worries, with Industrial Bank of Japan down Y60 at Y4,200.

Investors who still wanted to buy pursued special situations. Osaka Titanium, one of Japan's top makers of semiconductor silicons, surged Y320 to Y2,780 on forecasts of higher demand. This view was reinforced by a report that IBM would start producing 4-megabit D-Ram chips, said Mr Nishiguchi.

Kanagawa Electric, listed on the second section, was sought after for its strong earnings outlook. The stock rose to a record high of Y2,220 before closing up Y180 at Y2,160.

In Osaka, buying interest in small, incentive-backed issues was countered by selling in large capital issues to result in a small gain of 7.32 in the OSE average to 35,303.64. Volume slipped to 59m shares from 60m.

Roundup

BUYERS RETURNED to Singapore and were active again in Thailand, but the falling bullion price continued to hurt Australia yesterday.

SINGAPORE attracted fresh buying interest, after its recent consolidation, and advanced in busy trading. The Straits Times Industrial index rose 14.97 to a two-week high of 1,568.07, 0.6 per cent higher on the week, in volume of 75m shares worth S$185m, up from Thursday's 59m and S$156m.

Stocks and warrants in Neptune Orient Lines (NOL), the shipping group, headed the most active list amid speculation that Mitsui of Japan would raise its 1 per cent stake, and that the company would create a second registry for foreign-held shares. NOL's shares rose 9 cents to S$2.09 and its 1993 warrants gained 6 cents to S$1.11.

BANGKOK was in record-breaking form again after a brief consolidation midweek, with finance and bank issues leading the advance in heavy trading. The composite SET index gained 10.54 to a record 1,038.52, up 2 per cent up on the week.

AUSTRALIA was weakened by a plunge in gold stocks on concern about weak bullion prices and falling profitability at gold companies. Economic data suggesting that domestic interest rates would stay high also depressed prices.

The All Ordinaries index fell 5.1 to 1,504.1, off 0.7 per cent on the week. The gold index fell further, closing 41.2 lower at 1,309.6. Turnover rose to 142m shares or A$267m from 99m shares or A$191m, as selling pressure emerged before Monday's holiday.

News Corp, which sold an asset this week and gave details of the spin-off of its Hong Kong newspaper interests, rose 15 cents to A$10.60.

NEW ZEALAND was concerned about a rising domestic dollar and the prospect of firmer interest rates. The Barclays index edged up 3.47 to 1,780.4, down 1.4 per cent on the week, as turnover slumped to 5.8m or NZ$12.3m from 10.7m or NZ$24.6m.

Air New Zealand fell 5 cents to NZ$1.90 after jumping 7 cents on Thursday in response to a rise in operating profit.

TAIWAN extended its losses for a fifth consecutive session, with the weighted index losing 148.00 to 6,454.12, a drop of 15.8 per cent on the week.

MANILA rose on late bargain-hunting. The composite index gained 7.82 to 772.15, but was down 5.6 per cent on the week. Trading was light.

EUROPE

Frankfurt falls as monetary union looms

CONTINENTAL bourses ended the week mostly easier in declining volume, *writes Our Markets Staff.*

FRANKFURT slipped as investors looked nervously towards German monetary union on July 1. Comments by Mr Karl Otto Pöhl, the Bundesbank President, that he doubted that the East Germans would go on a spending spree once their savings were converted to D-Marks did little to assuage fears of higher inflation in a united Germany.

The DAX index fell 15.20 to 1,822.23, down 2 per cent on the week, and the FAZ index eased 8.04 to 775.49, off 0.9 per cent since the previous Friday. Turnover fell to DM5bn from DM5.9bn.

Continental, the tyre maker, built on Thursday's gains and rose DM1.50 to DM307.50 with a heavy 543,524 shares traded. Another of the scarce winners was the perfume and cosmetics retailer, Douglas, which firmed DM3 to DM535.

Nixdorf preference shares slumped DM13 to DM329 after it reported a higher-than-expected loss of DM1.07bn in 1989, and Siemens, which recently acquired a majority stake, fell DM3.70 to DM719.10.

PARIS dropped as fears of a rise in capital gains tax weighed on sentiment. The CAC 40 index fell 29.04 to 2,021.41, breaking through the resistance level of 2,040, for a 3.2 per cent loss on the week. Turnover was about FFr2bn after Thursday's FFr2.2bn.

Saint-Gobain, the glassmaker, lost FFr13 to FFr561 after Pilkington, the UK glass producer, reported lower profits for the year to March 31. News that the US Committee on Foreign Investment is to investigate its takeover of Norton had little impact.

BSN, the food group, fell FFr13 to FFr887. There was said to be some profit-taking by UK investors in spite of an upbeat presentation to analysts and fund managers in London on Thursday.

STOCKHOLM saw Saab stabilise, after Thursday's fall on reports of losses in its car division. Its free B shares added SKr1 to SKr239. After the market closed, Saab confirmed that Saab Automobile had made a SKr995m loss in the first four months of this year.

Ericsson again had the largest turnover, and its free B shares added SKr15 to SKr1,315. The Affärsvärlden General index was 0.7 better at 1,275.8, a rise of 0.4 per cent on the week.

ZURICH was higher on optimism about inflation and interest rates, but gains were trimmed by late profit-taking. May inflation figures are due early next week. The Crédit Suisse index gained 0.4 on the day to 653.1, but lost 0.9 per cent on the week.

Jacobs Suchard bearers were the most active shares, gaining SFr175 to SFr7,450. Engineering company Oerlikon-Bührle's bearers rose SFr25 to SFr1,125 on Thursday's news that it plans to sell part of its missile business to Martin Marietta.

MILAN ended broadly higher. Montedison rose L43 to L2,070 on rumours that it would be restructured within the Ferruzzi group, which owns 45 per cent of the chemical company. Telecommunication stock Stet rose to a year's high of L6,494, up L54, on active foreign buying. Benetton extended its gains to a third day, adding L296 to L9,59.

Fiat fell L68 to L10,602 on the news that Italian car deliveries fell 1 per cent in May. The Comit index rose 0.80 to 761.99, up 0.4 per cent on the week.

BRUSSELS finished mixed in moderate trade, with the cash market index up 5.06 at 6,375.70, a rise on the week of 1.1 per cent. Groupe AG, the insurer, gained BFr105 to BFr10,075, after Thursday's BFr150 rise. The three utility companies, suspended for two days for Thursday's announcement of their merger, eased. EBES fell BFr25 to BFr4,000, Unerg BFr10 to BFr2,455 and Intercom BFr10 to BFr3,200.

AMSTERDAM slipped, with the CBS Tendency index down 0.2 at 120.9. Truck maker Daf fell 40 cents to Fl 30.60 in spite of winning a Fl 30m order to deliver vans to East Germany and signing a number of contracts with local truck dealers.

MADRID fell in thin volume, in the run-up to next week's May inflation figure. The bourse index eased 0.86 points to 284.53.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY JUNE 7 1990								WEDNESDAY JUNE 6 1990					DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1990 High	1990 Low	Year ago (approx)
Australia (80)	139.03	-0.5	122.04	134.06	122.23	119.01	-1.2	5.86	139.79	122.74	134.80	122.61	120.40	158.31	125.85	152.16
Austria (19)	246.02	+0.5	215.96	237.24	216.29	216.23	+0.8	1.25	244.84	214.95	236.10	214.74	214.51	285.63	193.15	120.58
Belgium (61)	152.14	-0.5	133.55	146.70	133.75	130.57	-0.2	4.42	152.92	134.27	147.44	134.11	130.85	160.02	132.11	128.68
Canada (119)	139.88	+0.1	122.79	134.88	122.97	118.26	-0.3	3.45	139.73	122.69	134.73	122.54	118.63	153.61	130.37	141.80
Denmark (33)	254.49	-1.1	223.39	245.41	223.73	223.08	-0.8	1.29	257.44	226.05	248.25	225.79	224.88	260.82	236.69	161.81
Finland (26)	138.05	+0.1	121.18	133.13	121.37	114.66	+0.3	2.38	137.98	121.15	133.06	121.02	114.56	152.29	129.99	143.98
France (125)	160.32	+0.1	140.75	154.59	140.94	143.35	+0.3	2.87	160.17	140.64	154.44	140.47	142.96	168.85	141.69	119.82
West Germany (93)	129.57	-0.7	113.73	124.96	113.91	113.91	-0.5	1.96	130.54	114.62	125.88	114.49	114.49	137.71	122.05	85.76
Hong Kong (46)	130.11	-0.3	114.21	125.46	114.39	129.92	-0.4	4.82	130.55	114.63	125.89	114.51	130.40	130.80	112.24	92.09
Ireland (17)	187.54	+0.1	164.63	180.85	164.88	166.78	+0.2	2.63	187.28	164.44	180.59	164.25	166.44	198.57	172.72	138.77
Italy (96)	107.07	+0.4	93.99	103.24	94.13	99.47	+0.6	2.38	106.67	93.66	102.86	93.55	98.88	107.10	91.85	78.18
Japan (454)	153.76	+0.2	134.97	148.26	135.19	148.26	+0.2	0.57	153.47	134.76	147.99	134.62	147.99	197.26	124.40	176.14
Malaysia (35)	234.35	+0.6	205.71	225.97	206.02	244.10	+0.5	2.22	232.93	204.52	224.60	204.29	242.88	245.32	204.15	171.05
Mexico (13)	537.61	-1.1	471.91	518.42	472.64	1672.28	-1.1	0.31	543.69	477.39	524.23	476.85	1691.19	549.86	324.53	226.26
Netherland (43)	140.19	+0.2	123.06	135.18	123.25	121.73	+0.4	4.63	139.88	122.82	134.89	122.69	121.24	145.55	120.43	118.59
New Zealand (17)	64.58	-0.3	56.69	62.27	56.77	58.86	-0.4	7.49	64.79	56.89	62.48	56.83	59.09	75.36	59.57	64.55
Norway (23)	239.10	-1.1	209.88	230.56	210.20	210.94	-0.9	1.46	241.67	212.20	233.05	211.97	212.81	245.90	202.34	171.40
Singapore (25)	206.26	+0.7	181.05	198.89	181.33	175.65	+0.7	1.85	204.75	179.78	197.44	179.57	174.36	207.28	179.70	150.04
South Africa (60)	185.75	-4.5	163.05	179.11	163.30	160.80	-2.0	3.74	194.41	170.70	187.46	170.51	164.07	251.39	173.80	140.27
Spain (42)	159.55	-0.8	140.05	153.85	140.26	126.85	-0.4	4.19	160.80	141.19	155.06	141.03	127.36	165.19	132.84	148.72
Sweden (35)	214.68	-0.4	188.45	207.02	188.74	194.42	-0.2	2.07	215.61	189.32	207.92	189.11	194.78	217.57	173.89	159.01
Switzerland (66)	102.50	-0.8	89.97	98.84	90.12	91.41	-0.1	2.28	103.35	90.75	99.67	90.68	91.53	104.31	88.75	75.52
United Kingdom (305)	162.45	+0.9	142.60	156.64	142.81	142.60	+0.9	4.73	161.00	141.37	155.24	141.19	141.37	164.31	139.67	139.79
USA (537)	146.85	-0.5	128.91	141.62	129.11	146.85	-0.5	3.30	147.63	129.62	142.36	129.48	147.63	146.55	130.81	133.30
Europe (984)	147.26	+0.2	129.26	142.00	129.47	129.00	+0.3	3.52	147.03	129.10	141.78	128.96	128.60	147.76	135.57	116.10
Nordic (117)	204.80	-0.8	179.78	197.49	180.05	175.16	-0.5	1.71	206.37	181.20	199.00	181.00	176.01	206.93	165.01	153.42
Pacific Basin (659)	152.31	+0.1	133.69	146.87	133.90	146.27	+0.1	0.88	152.06	133.53	146.65	133.39	146.09	192.75	124.63	171.31
Euro-Pacific (1643)	150.66	+0.2	132.25	145.27	132.44	139.76	+0.2	1.89	150.43	132.08	145.05	131.93	139.48	174.18	130.15	149.28
North America (656)	146.33	-0.5	128.45	141.12	128.67	144.99	-0.5	3.31	147.05	129.12	141.81	128.99	145.70	147.87	131.02	133.71
Europe Ex. UK (679)	136.56	-0.3	119.87	131.71	120.08	120.60	+0.0	2.74	137.00	120.29	132.13	120.18	120.56	139.50	124.81	101.17
Pacific Ex. Japan (205)	134.28	-0.3	117.87	129.50	118.06	120.27	-0.6	5.09	134.66	118.26	129.89	118.14	121.03	139.32	122.53	113.56
World Ex. US (1835)	150.86	+0.1	132.43	145.49	132.64	139.64	+0.2	2.00	150.72	132.34	145.35	132.20	139.43	173.77	131.30	148.98
World Ex. UK (2067)	146.92	-0.2	128.96	141.68	129.18	141.85	-0.2	2.19	147.25	129.30	142.01	129.17	142.11	162.00	130.80	142.66
World Ex. So. Af. (2312)	148.06	-0.1	129.96	142.78	130.18	141.75	-0.1	2.43	148.18	130.11	142.91	129.98	141.84	161.84	131.85	142.40
World Ex. Japan (1918)	146.93	-0.3	128.97	141.69	129.19	138.62	-0.2	3.46	147.34	129.37	142.10	129.25	139.12	147.88	134.62	126.46
The World Index (2372)	148.29	-0.1	130.17	143.00	130.37	141.88	-0.1	2.44	148.46	130.38	143.17	130.22	141.99	162.05	132.25	142.39

Latest prices were unavailable for this edition.

LONDON SHARE SERVICE

BRITISH FUNDS

1990 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
"Shorts" (Lives up to Five Years)						
[illegible]						
Five to Fifteen Years						
[illegible]						
Over Fifteen Years						
[illegible]						
Undated						
[illegible]						

BRITISH FUNDS—Contd

1990 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
Index-Linked						
[illegible]						

INT. BANK AND O'SEAS

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

AMERICANS—Contd

1990 High	Low	Stock	Price	+ or -	Div. Gross	C'vr	Y'ld Gr's
[illegible]							

CANADIANS

[illegible]

Continued on next page

LONDON SHARE SERVICE

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BANKS, HP & LEASING

1990 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
303	204	ANZ SA1	213	–3½	44c	1.4	9.3	7.6
210	172	Abbey National 10p	204	–5	5.7	4.3	3.7	8.3
*274	210	Allied Irish Ord	235	.....	Q40%	♦	4.0	♦
£13¾	£11½	Algemene Fl 10	£11½	.....	Q28%	2.1	7.8	6.0
85	73	Anglo Irish	73	.....	¶Q18.7%	2.7	6.0	10.0
81	63	Ansbacher (H.) 1p	77	+1	2.5	1.3	4.3	22.2
£71¼	£54¼	Bancaire Cie Fr100	£59	–1	Q124%	–	2.3	–
£22¾	£16¾	Banco Bilbao Viz	£19	.....	Q49.1%	2.7	4.4	12.3
£31	£24¼	Banco de Santander	£27	.....	Q25%	2.4	4.1	10.1
286	224	Bank Ireland Ir£1	257	–1	Q14.3%	♦	5.3	♦
£19½	£18	Bank Leumi	£19½	.....	–	–	–	–
350	320	Bank Leumi (U.K.)	345	.....	†13.5	–	5.2	–
125	104	Bank Scotland	119	–2	4.55	3.3	5.1	7.9
100¼	83¼	Do. 9¼pc Irrd Pf	93½	+½	9¼%	–	13.2	–
54	39	Bank of Wales	46	+4	2.8	0.8	8.1	(22.1)
428	352	Barclays £1	400	–2	h19.57	3.5	6.5	5.5
22	12	Benchmark 20p	12	.....	1.63	1.0	18.1	6.9
335	310	Brown Shipley £1	320	.....	12.0	♦	5.1	♦
455	361	Cater Allen £1	411	.....	23.5	–	7.6	–
179	129	Chancery	131	+1	†8.0	2.8	8.1	5.8
£23¼	£19¼	Commerzbk DM10	£19¼	–⅛	Q18%	–	3.4	–
£13½	843	Dai Ichi KBk Y50	896	–14	Q17%	♦	0.4	♦
*£31⅞	£26¼	Deutsche Bk DM50	£268	–1⅞	Q28%	–	1.9	–
£20¼	£19	Espirito Santo	£19½	–¼	Q75c	♦	2.3	♦
253	183	First Nat. Fin. 10p	216	.....	13.0	2.4	8.0	6.7
121	96	FKFC 6.3pc Cv. Pf	110	–1	6.3%	–	7.6	–
£13¼	£10½	Fuji Bank Y50	£10½	–⅞	Q17%	♦	0.3	♦
[illegible]								

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS – Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS – Contd

[illegible]

ENGINEERING

[illegible]

ENGINEERING – Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.) – Contd

[illegible]

INDUSTRIALS (Miscel.) – Contd.

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

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MOTORS, AIRCRAFT TRADES — Contd

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Contd

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRANSPORT

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

TRUSTS, FINANCE, LAND—Contd

[illegible]

TRUSTS, FINANCE, LAND—Contd

[illegible]

Finance, Land, etc

[illegible]

WATER

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Contd

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

Tins

[illegible]

MINES—Contd

[illegible]

Miscellaneous

[illegible]

THIRD MARKET

[illegible]

NOTES

[illegible]

REGIONAL & IRISH STOCKS

[illegible]

IRISH

[illegible]

TRADITIONAL OPTIONS

3-month call rates

Industrials

[illegible]

Property

[illegible]

Oils

[illegible]

Mines

[illegible]

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £1,650 per annum for each security.

FINANCIAL TIMES
Weekend June 9/June 10 1990

Straw poll indicates Civic Forum led by President Havel is heading for victory

Czech people relish freedom to vote

By Leslie Colitt in Kladno and John Lloyd in Prague

A QUEUE of more than 100 people yesterday waited outside polling station 47 in a grimy 1960s housing block, built for workers at the Poldi steel mill, to vote in Czechoslovakia's first free elections since 1946.

The mill is in the industrial city of Kladno, the working class birthplace of Czech communism, and Civic Forum, the all-embracing movement founded by Mr Vaclav Havel, the President, is well ahead, a sampling of voters showed.

Mr Karel Musil, a handicapped former miner whose back was broken in an accident and who works as a gasline repairman at Poldi, said he would vote for Civic Forum because the "leaders are of us. They understand our problems."

In fact, nearly all the Civic Forum leaders are intellectuals but this did not appear to worry the voters in Kladno. Another miner, Mr Stanislav Knotek, said he hoped the winning party would do something to rescue the economy. He would vote for the Movement for Civic Freedom, a fringe party favouring broad social security. Asked if he had considered voting Communist, he shook his head and said not after all the years of totalitarian rule. "Not now but maybe later," he added.

A brawny man in his fifties loudly addressed his toddler: "You'll have to get used to waiting. When you're 20 you'll have to queue up for a job." There was little doubt the Communists would be getting his vote but he was the only person who refused to talk about the elections.

At the Poldi factory gate, where signs left from Communist rule showed output and productivity steadily rising from one five-year plan to the next, Miroslav Vesely, a 20-year-old steelworker, said: "Whoever doesn't vote, votes for the Communists." He was still unsure whether to vote for one Civic Forum candidate and two Christian Democrats or two Social Democrats.

Only one worker, Mr Bedrich Holub, a grinder at Poldi, said he was voting for the right-wing Republicans who ran on a law and order platform. They were "hard on the Communists," he said.

The Communist idea was good but the "wrong people were in charge."

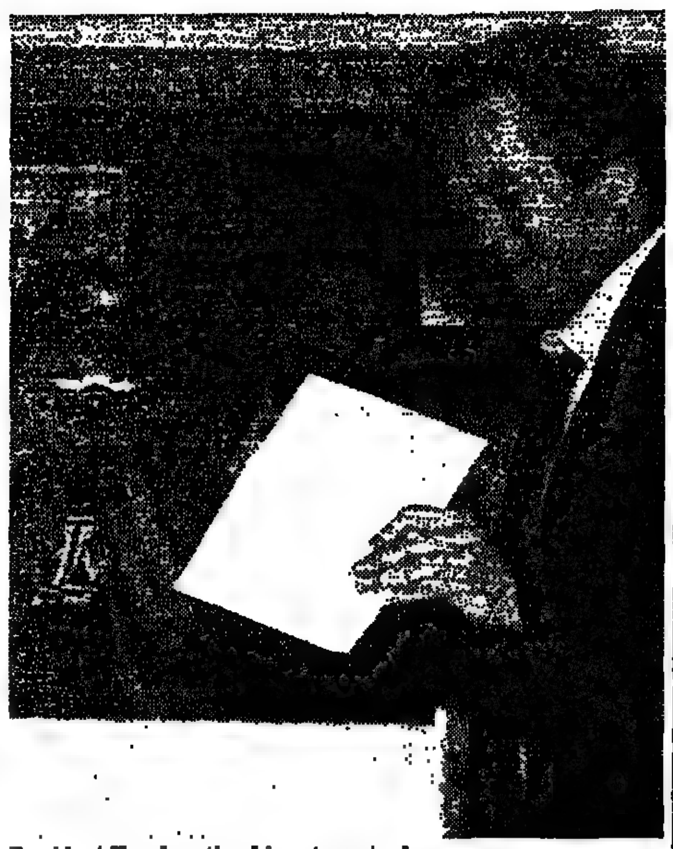
In sharp contrast, Prague 6 is the most exclusive number to have as your postcode in the Czech capital. The districts of Volkovice and Hanspaulka in Prague 6 suggest London's Hampstead: detached houses in their own gardens with a slight air of the village as neighbours greet each other.

Jirka and Milada Vytacek are among the newly rich, both of them former stewards for the CSA state airline, with a substantial house and plans to begin an instant print shop and a travel business well advanced. Milada voted for Civic Forum, although Jirka may vote for Freedom Block, a group which unites the Democratic and Republican Parties and is committed to free enterprise.

Only one elderly couple of some 35 people interviewed was voting for the left wing. Two others would not say but denied they would vote Communist. Civic Forum commanded some 85 per cent of the sample at two polling stations.

Mr and Mrs Sinder, in their mid eighties and both lame, helped each other to the polling station to vote for Civic Forum. Mr Sinder, a former agricultural scientist, said he remembered the last free elections, "which were not in 1946, as everyone says. These were destroyed by the Communists. They were in 1936."

Prague plans state industry sales, Page 2



President Havel casting his vote yesterday

Likud coalition poised for office

By Hugh Carnegy in Jerusalem

A NEW Israeli government dominated by the right is poised to take office after the signing yesterday of a formal coalition agreement between the Likud party of Mr Yitzhak Shamir, the Prime Minister, and an array of far-right and religious parliamentary factions.

Assuming that the deal holds over the weekend, Mr Shamir plans to present the new government, based on 62 supporters, to the 120-seat Knesset on Monday. The coalition comes three months after the fall of the previous Likud-Labour Party broad coalition and at a time of rising tensions in the Middle East.

The government's policy guidelines include a commitment to pursuing the Camp David accords with Egypt and Israel's proposals of a year ago for elections in the occupied territories leading to limited Palestinian self-rule.

The new coalition is committed to retaining the occupied territories and expanding Jewish settlement there – together the key bones of contention with the Palestinians and the US – and is utterly opposed to any negotiating role for the Palestine Liberation Organisation.

Mr Shamir insisted: "It is a broad national government. It is not a rightist and it is not a leftist government."

He said its main task would be to cope with the flood of Soviet Jews pouring into the country which he called "the most important issue in our lives today."

Peter Riddell, US Editor, writes from Washington: President George Bush yesterday gave the strongest hint so far that the US is considering halting or freezing its 18-month dialogue with the PLO unless it condemns the abortive terrorist attack on an Israeli beach 10 days ago.

Talking yesterday on Air Force One during a political trip to the Midwest, President Bush noted that the US dialogue was "predicated on a renunciation of terror. In my view, this is sheer terror."

CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (Dm)			
Rises			
Brown Boveri	819	+	19
Leifheit	760	+	20
Falls			
Hapag Lloyd	430	–	14
Industriekrdt	265	–	13
Nixdorf	329	–	13
Rosenthal	365	–	8
NEW YORK ($)			
Rises			
ConAgra	33¼	+	1¼
Genentech	26⅞	+	⅝
Falls			
Compaq	118⅞	–	2⅞
Gap Inc.	55¼	–	3
Home Depot	55⅞	–	1¾
Pepsico	72⅞	–	1⅞
PARIS (FFrs)			
Rises			
BIC	678	+	23
Radiotech	693	+	8
Falls			
Damart	3150	–	146
Havas	643	–	13
Pechelbronn	1680	–	90
Printemps	660	–	10
TOKYO (Yen)			
Rises			
Juki	1460	+	110
Kanagawa Elec	2160	+	180
Osaka Titanium	2760	+	320
Tokyo Keiki	1600	+	160
Falls			
Akasaka D'sels	1290	–	90
Matsuzakaya	7600	–	400

New York prices at 12.30.

LONDON (Pence)			
Rises			
Beazer	159	+	6
Midland Bank	312	+	7
Pilkington	204	+	5
Refuge Group	667	+	10
Warburg (SG)	446	+	17
Wilson (Conn)	175	+	6
Wolv & Dudley	399	+	11
Yorks Radio	110	+	9
Falls			
Abbey National	204	–	6
Beaverco	85	–	45
Blacks Leisure	42	–	4
Fisons	374	–	10
LASMO	388	–	12
NatWest Bank	348	–	9
Ramus	55	–	13
Royal Ins	485	–	13
Tarmac	249	–	9
Water Pkg Ut £	1610	–	18

WORLDWIDE WEATHER

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	23	73	Dallas †	F	24	75	Madeira	F	22	72	Prague	R	19	66
Algiers	S	33	91	Dublin	R	13	55	Madrid	S	30	86	Reykjavik	F	13	55
Amsterdam	S	17	63	Dubrovnik	F	22	72	Majorca	S	25	77	Rhodes	S	31	88
Athens	S	27	81	Edinburgh	F	13	55	Malaga	S	27	81	Rio d'Janeiro		–	–
Bahrain	S	32	90	Faro	S	23	73	Malta	F	23	73	Rome	F	23	73
Barcelona	C	22	72	Florence	C	21	70	Manchester	R	10	50	Salzburg	T	20	68
Belfast	R	11	52	Frankfurt	C	13	55	Melbourne	S	16	61	S'Francisco †	S	13	56
Belgrade	F	25	77	Geneva	C	16	61	Mexico City		–	–	Santiago		–	–
Berlin	F	19	66	Gibraltar	S	23	73	Miami †	C	27	81	Seoul	R	18	64
Biarritz	C	17	63	Glasgow	F	14	57	Milan	T	15	59	Singapore		–	–
Birmingham	R	11	52	Guernsey	S	15	59	Montreal †	F	16	61	Stockholm	F	17	63
Blackpool	F	12	54	Helsinki	S	16	61	Moscow	C	9	48	Strasbourg	C	15	59
Bombay	F	31	88	Hong Kong	C	29	84	Munich	R	11	52	Sydney	S	19	66
Bordeaux	F	18	64	Innsbruck	R	12	54	Nairobi		–	–	Tangier	S	22	72
Boulogne	F	15	59	Inverness	R	11	52	Naples	C	23	73	Tel Aviv	S	29	84
Bristol	R	12	54	Isle of Man	R	12	54	Nassau		–	–	Tenerife	S	24	75
Brussels	C	14	57	Istanbul	S	29	84	Newcastle	C	11	52	Tokyo	F	24	75
Buenos Aires		–	–	Jersey	F	15	59	New Delhi	S	38	100	Toronto †	C	16	61
Budapest	C	21	70	Johannesburg	S	17	63	New York †	F	19	66	Tunis	S	28	82
Cairo	S	34	93	Las Palmas	C	22	72	Nice	S	24	75	Valencia	S	27	81
Cape Town	R	15	59	Leeds	C	13	55	Nicosia	S	31	88	Venice	F	21	70
Cardiff	C	11	52	Lisbon	S	24	75	Oporto	S	21	70	Vienna	C	18	64
Chicago †	T	18	64	Locarno	F	18	64	Oslo	F	18	64	Warsaw	C	23	73
Cologne	F	13	55	London	R	14	57	Paris	C	17	63	Washington †	C	22	72
Copenhagen	F	17	63	Los Angeles †	C	17	63	Peking		–	–	Wellington	C	8	46
Corfu	S	25	77	Luxembourg	C	13	55	Perth	R	16	61	Zurich	C	17	63

C – Cloudy. Dr – Drizzle. F – Fair. Fg – Fog. H – Hail. R – Rain. S – Sunny. Sl – Sleet. Sn – Snow. T – Thunder.
† Noon GMT temperatures

Nato sends Soviets clear signal of co-operation

By Robert Mauthner, Diplomatic Correspondent

NATO foreign ministers sent a clear signal to the Soviet Union yesterday that the western alliance was ready to co-operate with the Warsaw Pact in building a new peaceful order in Europe.

After a two-day meeting in Turnberry, south-west Scotland, to prepare next month's Nato summit, the ministers issued a "message from Turnberry" extending "the hand of friendship and co-operation" to the Soviet Union and all other European countries.

In particular, the message welcomed "the positive spirit" shown by Thursday's Warsaw Pact declaration, which heralded a transformation of the eastern military alliance into a peaceful and democratic grouping, prepared to co-operate constructively with the west.

Nato has not, however, taken up a vague Soviet proposal for a joint statement, dialogue or agreement between the two alliances.

Mr James Baker, the US Secretary of State, said it was up to Moscow to make clear what it had in mind before it could expect a response from Nato.

As in the case of the Warsaw Pact meeting in Moscow, the Nato talks in Turnberry have marked a turning point in the alliance's attitude and policies. The decisions taken by the ministers amount to a programme aimed at reassuring the Soviet Union that its security concerns are being taken fully into account.

The ministers underlined the importance they attach to the conclusion of a conventional forces agreement in Vienna this summer. They said Nato negotiators had been instructed to pursue new approaches, particularly on aircraft, armour and verification, and were optimistic of Moscow's response.

Although great emphasis was laid in the final communiqué on the future role of the Conference on Security and Co-operation in Europe as an east-west forum with a new high-level consultation mechanism, the ministers stressed that it could only complement Nato, not replace it.

Echoing Thursday's speech to Nato by Mrs Margaret Thatcher, the British Prime Minister, the communiqué emphasised that the alliance's role in preventing conflict and guaranteeing stability would continue to be essential.

The prevention of war would also continue to require an appropriate mix of effective conventional and nuclear forces, though "at the lowest level consistent with our security needs." In addition, it would need the continued presence of "significant" North American conventional and nuclear forces in Europe. The ministers did not, however, discuss Mrs Thatcher's controversial statement that updated nuclear weapons should still be "based forward" in Europe, which can only mean Germany. This question will be dealt with as part of the alliance's strategy review being undertaken by defence ministers and officials.

The Germans can only be satisfied by the overall outcome of the Turnberry meeting, which firmly endorsed the unification process as contained in President Bush's nine points.

The communiqué stressed that a united Germany must have the right to decide which alliance it wanted to join. In the view of the ministers, European stability required that a unified Germany be a full member of Nato.

President Bush's nine points, endorsed by the ministers, provide for a transitional period after unification, during which Soviet forces would remain in what is now East Germany.

Nato is also prepared to give an undertaking that its forces would not be extended to the eastern part of Germany for "an indeterminate period," according to Mr Baker.

East German minister opposes joining Nato, Page 2

Kumagai Gumi plans five-year sell-off of overseas properties

By Robert Thomson in Tokyo and Andrew Taylor in London

KUMAGAI GUMI of Japan, one of the world's largest construction companies, has announced plans to sell Y1,125bn (£4.4bn) of its overseas properties during the next five years including developments in the UK, Australia and the United States.

The company said proceeds would be reinvested in other developments. It had previously indicated that foreign projects would fall as a percentage of sales because margins were better in the buoyant domestic market.

Kumagai Gumi has been one of the most active of the Japanese developers in the UK. It now plans to sell about Y265bn worth of properties, mostly in central London where office values have fallen between 10 and 17 per cent over the past year, according to some property companies.

In addition, Kumagai Gumi plans to sell about Y430bn of properties in Australia; about Y220bn in the US and Y210bn in south-east Asia and other areas.

In Kumagai Gumi's last financial year, overseas contracts comprised about 26 per cent of total sales of Y1,050bn, but the company has indicated that the strength of the dollar against the yen in the past year has made overseas projects less attractive.

Mr Nobuyuki Inazu, deputy general manager of international operations, said the company's role was as a developer and "it is not our purpose to hold assets for a long time or to invest in those assets."

Kumagai Gumi's strong financial base has enabled the group to arrange private finance for large international projects including the new Hong Kong Harbour tunnel and a road tunnel under Sydney Harbour.

The company insists there is nothing unusual in the realignment of its portfolio and it is simply seeking to reinvest in more profitable projects.

Mr Inazu said the company "should promote projects which will be based on the most appropriate distribution of management resources and market conditions."

The company currently has three large completed developments in the UK valued at more than £260m which could be available for sale. These include the site of the former Sun and News of the World offices just off Fleet Street where the company has developed 285,000 sq ft of offices valued at £165m.

In addition it has £900m worth of developments under way in the UK – seven in London and one, a joint venture, in Glasgow. Mr Peter Hudson, financial controller of Kumagai Gumi UK, said nothing was on the market at the moment.

Gorbachev Continued from Page 1

continues today when she travels to a trade-promoting "British Month" in Kiev, has had little of the fanfare which accompanied previous meetings with the Soviet leader.

Mr Gorbachev's domestic troubles, emphasised again yesterday by the Russian parliament's assertion of greater autonomy, prompted him to cancel his plans to travel with Mrs Thatcher to Kiev.

In remarkably warm exchanges at the press conference, they sought to underline the strength of their personal relationship. Mrs Thatcher heaped praise on Mr Gorbachev's economic reform programme and urged the Soviet people to be patient in waiting for it to yield results.

She also pointedly avoided any open dispute over his handling of Lithuania's demand for independence.

Mrs Thatcher was similarly careful to lay the blame firmly on the Israeli Government for the international dispute over the settlement of Soviet Jewish emigrants in the Israeli-occupied territories.

In a day of meetings with Soviet leaders, Mrs Thatcher received a detailed briefing on the latest Soviet military thinking from Marshal Dimitri Yazov. In an effort to assuage Soviet fears over Germany, she said the expected conclusion of a Conventional Forces in Europe (CFE) agreement later this year would be followed by further talks covering both nuclear and conventional forces.

THE LEX COLUMN

Half time for the markets

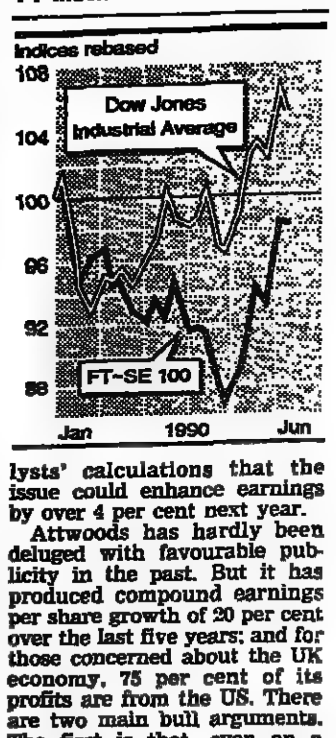
With hindsight, the performance of the UK markets in the month of May looks all the more remarkable. For equities, it was by James Capel's calculation the twelfth best month since the All-Share index was set up in 1962. The chief motive force for this was the recovery in bonds, which had their best month worldwide since 1987: and easily the best performance in world bonds came from gilts, which according to Salomon produced a monthly return at the long end of 7.7 per cent.

Such a level of outperformance is scarcely sustainable. Indeed, the FT-SE has gone sideways this month so far, while Wall Street has slipped back below 2900. For those still bullish on the London market, two conditions need to be satisfied: that Wall Street should resume its run at 3000 and that investors around the world should continue to believe in the benefits to the UK of ERM membership.

Wall Street remains a battleground between those who believe recent Fed hints that US interest rates are not coming down and those who think the scale of the savings and loans crisis means they have to. Though the argument is at present going nowhere, there is perhaps technical support in the fact that – as in London – the divergence of opinion seems to have resulted in many institutions missing the recent rally. By the end of May, it would appear, the average US mutual fund was still almost 13 per cent in cash.

In London, the arguments over ERM membership are rather bogged down as well. There are those who argue that the immediate benefits to UK interest rates are not yet in the price. Others prefer to look ahead and worry about the problems of adjustment facing the corporate sector. Others look further ahead again to the supposed structural benefits to the economy once the period of pain is over. It scarcely seems a recipe for a lively June.

FT Index rose 23.0 to 1,904.0



Attwoods

It has been striking recently how rights issue announcements have done little to knock the issuer's shares. Attwoods reinforced the trend yesterday; after an initial 30p fall on news of its £82m issue, designed to eliminate near 100 per cent gearing, the shares closed only 2 per cent down on the day. That may have been an illustration of institutional enthusiasm for equity, or it may have been caused by analysts' calculations that the issue could enhance earnings by over 4 per cent next year.

Attwoods has hardly been deluged with favourable publicity in the past. But it has produced compound earnings per share growth of 20 per cent over the last five years; and for those concerned about the UK economy, 75 per cent of its profits are from the US. There are two main bull arguments. The first is that, even on a prospective p/e of 15 for the year to July 1991, the shares are on a lower rating than both Attwoods' UK and US competitors. The second is the takeover potential. Laidlaw, which owns 36.9 per cent of the fully diluted equity, is taking up its rights in full. The two year period during which it promised not to make a contested bid is due to end in January 1991. That prospect may inspire even those who take a cynical view of the "green" claims of the waste management industry to keep punting on the shares.

Kumagai Gumi

The Japanese corporate sector continues to send out confusing signals to the rest of the world's financial markets. Three weeks ago the chairman of Daishowa, Japan's second biggest paper maker, underscored his bullishness about asset price inflation by scooping up the world's two most expensive paintings. Now Kumagai Gumi, one of Japan's biggest contractors, has announced plans to sell over $7bn of its overseas properties in the next five years.

It is always dangerous for outsiders to try to interpret what is going on in the Japanese business mind. But it is only six months since Kumagai bought Standard Chartered's headquarters in the City of London. The sight of such a well known developer, which had been leading the Japanese drive into overseas property markets, retrenching in such a big way is not good news for UK property values.

There may be nothing surprising about a big construction company wanting to sell its developments on to long-term institutional investors. But to announce it in such a public way, at a time when most of the overseas markets in which it is involved are depressed, is rather odd behaviour. It scarcely seems the best way to get top prices for the properties.

A more sinister interpretation is that Kumagai's move may have been partly prompted by its bankers. Given that domestic Japanese property values are more inflated than those in overseas markets, it is hard to believe that Kumagai should want to stop diversifying its overseas property portfolio. If Japan's bankers really are drawing in their horns on overseas property, that is a more worrying message than the sky-high prices paid at the New York art auctions.

Gold

The end of last year, when the gold price surged past $420 an ounce, must seem a long time ago for gold bulls. The rally could not be sustained and a series of large Arab sales has sent the price back down towards $350 an ounce. There is some argument whether those sales were caused by the decline in the oil price, or whether they represent sophisticated short selling. But the oil price fall in itself is gloomy for gold since it is likely to dampen worldwide inflationary expectations. And gold remains an expensive asset to hold at current interest rate levels.

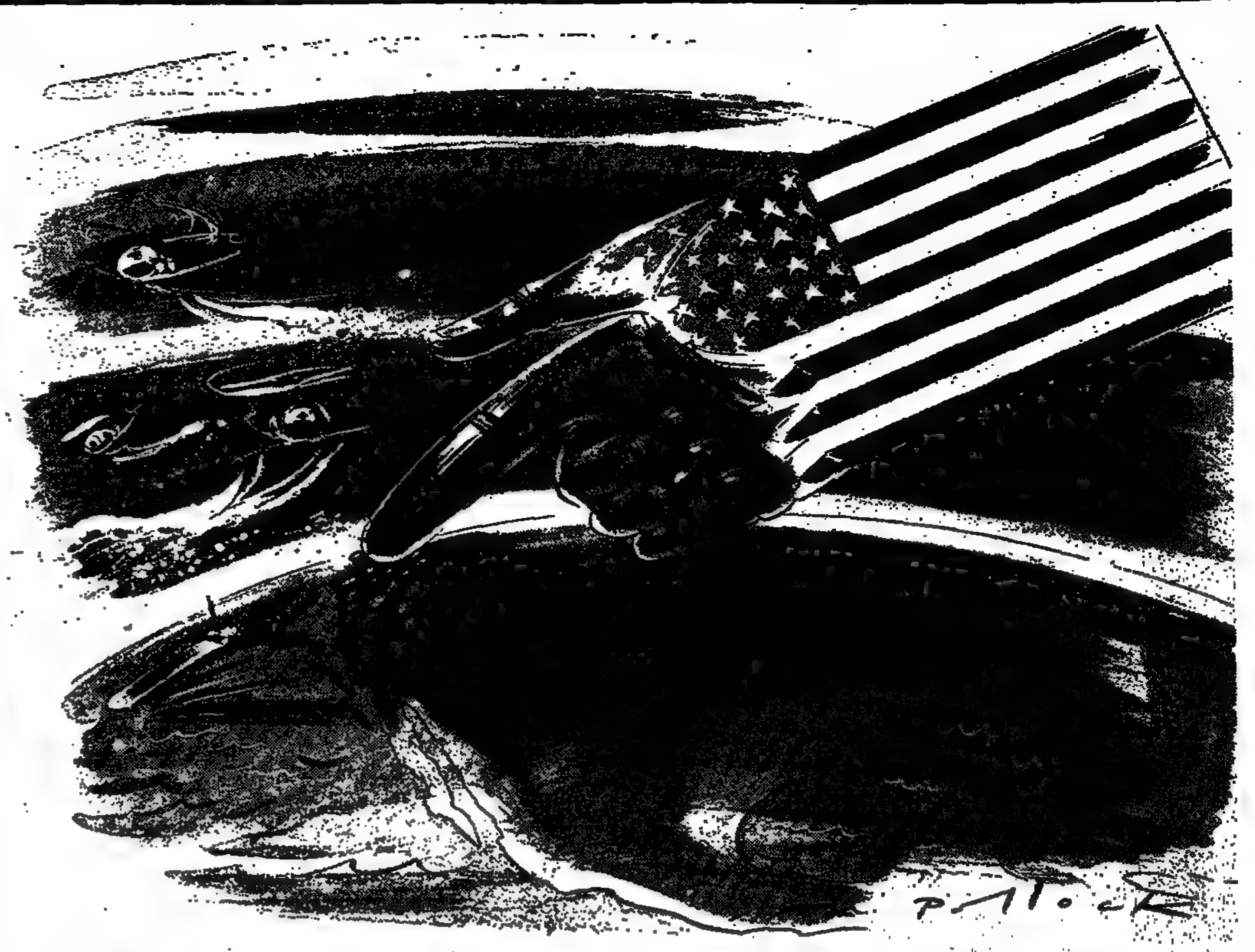
There is always a chance of a rebound in a commodity when the two main producers are such politically turbulent countries as South Africa and the Soviet Union. At the moment, they are exerting contrary influences, with the South Africans warning of cut backs at unprofitable mines and the Russians using their gold reserves as collateral for loans. Political risk, and the possibility of a US dollar decline, may limit the downside for the bullion price below $320 an ounce, but the bears' attention could shift to the mining companies. Gold shares are still 35 per cent higher, relative to the bullion price, than they were at the start of 1989.

Weekend FT

SECTION II

Weekend June 9/June 10 1990

Greening all their cares away



*Is the Golden State losing its glitz? asks **Lionel Barber**, as it prepares to vote on the US's biggest environmental package*

SHERRY MORSE came to California in search of the good life. A former assistant design director at Tiffany in New York, she now serves as the Los Angeles director of Mothers and Others for a Liveable Planet. "We used to be Mothers and Others for Pesticide Limits," said Morse, who has a three-year-old son and a record of eating organic food stretching back 15 years, "but we decided to broaden our scope."

A small crowd had gathered in the parking lot outside Vons Supermarket on the edge of Santa Monica. As the local TV camera rolled, Morse and her co-protesters explained how they felt about herbicides, how "known" carcinogens should be banned from foods and how "too many kids out there are dying of cancer."

Former US President Richard Nixon, a true Californian of his generation, used to dismiss the likes of Morse as "the birds and bunnies people" – well-meaning, white, and irredeemably middle class. Twenty years on, eco-conscious Californians are taking them a good deal more seriously; and so, perhaps, should the rest of the world, including the newly-green Margaret Thatcher, the British premier, because they are the force behind the most sweeping environmental initiative ever seen in the US.

The initiative, dubbed "Big Green," will be put to a state referendum in November (on the same day voters elect a new governor). It covers everything from saving ancient redwood forests and banning cancer-causing agricultural pesticides to blocking offshore oil development and slowing global warming. All it needs to pass into law is majority support from voters.

Specific measures include the phase-out of all agricultural chemicals known to cause cancer or reproductive harm by 1996; a planned 40 per cent cut in ozone-damaging chlorofluorocarbon (CFC) emissions by the year 2010; a requirement for developers to plant a tree for every 500 square feet of new building projects; and a 25 cent a barrel tax on oil passing through California, the aim being to create a $500m (£297m) oil spill fund.

John Emerson is deputy city attorney of the City of Los Angeles, and a leading Democrat: "People are getting angry and upset about the environment in a way they were not five years ago," he says, "they don't want their kids growing up with 15 per cent less lung capacity than the rest of the nation. They don't want their kids going to public school where toxic gas is seeping through the playground. They don't want to be out in Santa Monica Bay picking up fish with cancerous tumours."

Californians have always been self-absorbed when it comes to lifestyle and quality of life; and California politics has at bottom usually been about managing limited resources, particularly water. Sooner or later, the collective desire for continuing economic growth and development clashes with the individual desire for space and tranquility – and everyone starts to question whether the Californian dream exists anymore.

Yet people continue to pour into the Golden State. In the 1980s the population rose by 20 per cent; by the year 2000, it is expected to increase 6m to almost 35m.

The settlers come from Mexico, El Salvador, Guatamala, Cambodia, Korea, Vietnam, the Philippines and Taiwan – but they also come from the old steel towns in Ohio and Pennsylvania and the rundown family farms in the Mid-West. Each newcomer has his or her own version of the Californian dream, and it usually rests on material self-improvement through future growth.

In the central and northern areas of the state such as Bakersfield, Fresno and Sacramento space is still plentiful. But in the southern portions, particularly in the Los Angeles basin, population presures are becoming acute. "We've been getting along living in a desert," says Richard Allen, a Beverly Hills real estate executive, "but we've been pretending we don't."

The stress signals are flashing everywhere. In Los Angeles and San Francisco, where water rationing is in effect. On the clogged freeways, where motorists have at times resorted to random shootings to vent their frustrations. In the Dodgers stadium, on a smoggy afternoon, where the joke goes that it's impossible to pick out the opposing baseball teams. And in the orange groves – no longer outside Los Angeles – where residents are up in arms over the the low-flying helicopters ("bug-bombers") which spray Malathion pesticide in an effort to eradicate the Mediterranean fruit fly – as stubborn an opponent as anything Jack Nicholson ever faced in Chinatown.

Big Green is the environmentalists' response. It grew out of the efforts of two men: John Van de Kamp, a colourless Democratic state attorney general who thought that green issues would beef up his unsuccessful campaign to become governor of California; and Tom Hayden, one of the original signatories of the New Left manifesto, for many years the bête noire of Californian politics.

Once sentenced to five years in prison for fomenting the riot at the 1968 Democratic convention in Chicago, Hayden had his sentence overturned in 1972, whereupon his union with Jane Fonda gave him star-status and something his fellow socialists always lacked: money.

Money made Campaign California, the Hayden-Fonda vehicle for promoting causes of a vaguely liberal variety. After the break-up of their marriage, many thought the organisation would make a graceful exit. Hayden surprised everyone by announcing last year that Campaign California would help to garner the necessary 600,000 signatures among California's registered voters for Big Green to qualify for the November ballot.

By the spring, Big Green was over the hump, although efforts to agree on a name for the monster proposition proved more difficult. Eventually Hayden settled on the underwhelming EPA 1990 (Environmental Protection Act). Drafted by the state's premier environmental lawyers, Big Green has the support of the Sierra Club (the main environmental group, founded in 1892 in San Francisco); the Natural Resources Defence Council; the League of Conservation Voters, the National Toxics Campaign, and a large chunk of Hollywood.

Hollywood loves to play politics. Actors such as Richard Dreyfus have their own political advisers and a cottage industry of "eco-conscious" pressure groups, lobbyists and fund-raising machines has recently clunked into action. Among the most interesting is the Environmental Media Association. Its purpose is to slyly insert environmental messages in TV shows.

"It could be incidental dialogue, actors wearing environmental T-shirts, or a character talking about using cloth instead of disposable diapers," says Andrew Spahn, EMA director, "the idea is to deliver a powerful message inside 30 seconds."

The similarity with modern American political campaign techniques is striking – and there is the rub. Just as critics believe that the 30-second TV "attack" advert has led to the trivialisation of issues, so opponents of Big Green believe that complex environmental problems are being misrepresented in California.

At republican party headquarters in Orange County, Greg Haskin, executive director, concedes that even the Grand Old Party has a green streak in California. Senator Pete Wilson, the Republican candidate for governor, embraces a good deal of Big Green (only objecting to the new post of environmental advocate which he – and others – suspect is a vehicle for Tom Hayden to achieve state-wide office).

Farm industry leaders have met more than a dozen times to plot a strategy to slay "Big Green" – but so far they are keeping their swords close to their chest. In a state where attentions spans tend to be on the short side, no one wants to move too soon before the November ballot.

This week's vote in favour of a proposition to double California's petrol tax has remided everyone that the stakes will be high in November. Agriculture, for example, employs 400,000 workers producing more than 250 crops worth more than $16 billion in 1988 to the state. It is heavily reliant on pesticides to keep the bugs at bay and to keep the fruit and vegetables looking fresh – which farmers say is what the consumer wants.

The food industry's first public move was to sponsor, along with the California Farm Federation, a counter-initiative. Dubbed "Big Brown" by its opponents, the proposition would not ban pesticides. Instead, it would double the state's official herbicide residue tests, fund new research into safe pesticides and put in place a new worker safety programme.

The next step, industry officials say, will be to press the environmentalists much harder on Big Green's costs. They argue that banning pesticides will depress crop production and could raise food prices. Another tack will be to attack the comprehensiveness of the initiative, arguing that it is too diffuse. "It's like taking a baseball bat to fix a light-bulb," said a San Francisco environmental expert who works for both sides, "it's overkill."

Energy issues feature less prominently in Big Green. Pacific Gas and Electric, one of the state's most important employers, says it is still assessing the cost. The company has begun to publicise its impressive energy conservation programmes as well as the development of alternative energy sources.

Bob Hattoy, a top official at the Sierra Club in Los Angeles, says that business has belatedly woken up to the fact that the environment is no longer an elitist issue – but one which articulates the minimum needs of the people: clean air, clean water and clean food. Politicians have caught on to the message too, "but I tell them that we want a long-term relationship – not a one-night stand."

YET in many ways, none of these arguments does justice to the underlying issue, one which transcends the battle-lines of consumers and environmentalists against growers and pesticide users and touches on the crucial problem facing California: how to adapt to the increasing flow of migrants from Central America and East Asia.

Whatever its lofty ambitions, Big Green does not do this. It fails to address the 1950s style sprawling suburban valley development which characterises California; and it fails to consider alternatives such as creating denser urban population centres. It fails because its premise is to manage the status quo.

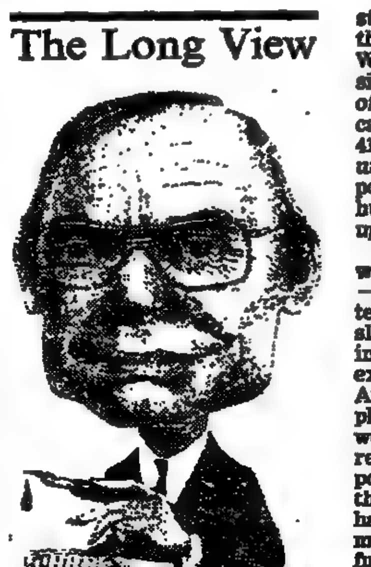
Yet this approach is no longer sustainable. By the year 2000, if current immigration flows persist as expected, whites will no longer be in the majority in California; Hispanics will account for one in two of the new workers, while one in four new entrants into the labour force will be Asian. Together, Hispanics and Asians will account for more than 80 per cent of the state's future labour force, according to a special study by the Palo Alto-based Centre for Continuing Study of the California economy.

"The future is right here," said Linda Wong, president of California Tomorrow, a public policy group, as we strolled one scorching afternoon through Chinatown, Little Tokyo, and finally the Mexican quarter. Once the city's historical centre, it now serves as the teeming heart of the Latino population, where the local Irish Catholic priest preaches in Spanish and where 400 refugees sleep every night in the church.

All these immigrants have a stake in future growth and development – bigger than the established white middle-class family in, say, Orange County which is still running a three-car household and is hell-bent on avoiding new taxes. To date, however, many of the newcomers have yet to organise, let along voice their preferences – but it is only a matter of time before this new Silent Majority speaks.

Tokyo's solution to the weight problem

The Long View



BARRY RILEY

Tiring of the UK, Steve the strategist is planning a trip to Spain, but he will not be there for very long

WHERE NEXT after Germany, France and the UK? That was the question facing Steve the stock market strategist when I met him this week.

So far this year he can scarcely believe his good fortune: while the World Index has gone nowhere at all (down 7 per cent in dollar terms) there have been some very useful plays in individual stock markets. People like Steve who have something of a track record in country selection are therefore in high demand.

"Global money now adds up to big numbers," he observed. "Investors in national markets just don't appreciate how the game has changed. They become obsessed by their own preoccupations.

"Take the UK. The locals were talking themselves into a depression. Maybe it suited some of the domestic institutions and market makers, I don't know, but they don't call the tune any more. When Wall Street moved London was way out of line and it had to go up.

"All we needed was an ERM signal. Then my clients felt comfortable about the currency. Sure, I know the outlook for sterling in the ERM is shaky, but I can leave the local players to worry about that. They thought there was going to be a squeeze last year, then they assumed it would be this year, now they worry about after the next General Election. Let them eat their hearts out. My clients could be in and out three times before the next UK election."

What about the bad trade figures? I murmured. "Trade figures?" repeated Steve. "I get so many of them across my desk, for every country you can think of. I don't look at them any more. They don't add up properly – except to about minus $100bn at the global level – and anyway capital flows are what drive currencies these days and you don't get any credible numbers at all for those from most countries, Japan excepted. It suits my book. The more black holes there are in the statistics, the more scope there is for people like me."

Steve is one of the new breed of global asset allocation supremos. He is based either in New York or London – I am never entirely sure which – but he is often to be found in the Far East too. He is a fast talker, and notable for his highly polished presentations, at which a blur of coloured charts and tables of statistics flashes across the screen before a bemused audience.

There are two main reasons why Steve, and several others like him, are riding high at present. One was the collapse of the Tokyo stock market in the first quarter this year. The other has been the rise and rise of Europe as a factor in the global stock market.

Steve did not exactly predict the tumble in Tokyo, but it played into his hands anyway. "My clients were right out of Japan," he told me. "Frankly, no way were they buyers at 60 p/e's, so I had to bend with the wind on that one. It hurt like hell in '88 but in '90 I'm in heaven."

The reason is that the global strategists usually measure their performance against a World Index benchmark, and since Tokyo is still 34 per cent of the World Index in capitalisation terms (and was 41 per cent on January 1) the underweighting of his model portfolio in Japan has left it hugely (more than 10 per cent) up against the benchmark.

Usually Japan goes the other way, of course. If it does, Steve – being a resourceful chap – tends to use another set of slides and argues that the index should be adjusted to exclude Tokyo altogether. Another response can be to place more emphasis on GDP weightings, which cut Japan's representation in global portfolios by about half. But this year he is more than happy to include the Japanese market in the benchmark at its full capitalisation weight.

As for Europe, its stock markets have charged ahead in the past year or two to reach a global weighting of around 25 per cent. The crucial feature of the European bourses from Steve's point of view is that they are very open to international influences. Frankfurt, once a domestic backwater, is now a playground for foreign funds.

"I know where the global money is going," said Steve. "That gives me a big advantage in smaller markets. But Wall Street and Tokyo are still controlled by domestic players. That makes them much harder for me to read. I prefer the locals and the foreigners to be in better balance, so I can arbitrage between one side and the other."

But the problem for Steve and his clients is that it can be very hard to trade in and out of the smaller national markets.

He apparently dreams of the day when he will only need to deal in index futures contracts. That is starting to be a practical proposition in the UK, but not yet elsewhere in Europe.

"It can be irritating to have to buy individual stocks when all you really want to do is to reweight your country exposure," said Steve. "I generally rely on a small sample of world index constituents. But it's surprising how even the big stocks can move against you."

He recognises that the focus of global investors on the big blue chips is opening up a valuation gap compared with the second tier stocks. "Theoretically it's becoming exploitable, but it's too small a game for me," he mused.

Steve is already out of Germany, is downweighting France and thinks the UK's rally is about played out.

"It could be on to Spain and Italy now," he told me, "but that will be the end of the rotational sequence. No sweat. Being so far ahead of the benchmark I can always neutralise my weightings and have a quiet summer."

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FINANCE & THE FAMILY: THIS WEEK

A man with the world on his shoulders

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Good news for grannies

John Edwards looks at new issues of National Savings certificates. Plus **David Barchard** on which building societies may decide to merge and **Kenneth Gooding** with a dire warning on gold shares. **Page IV**

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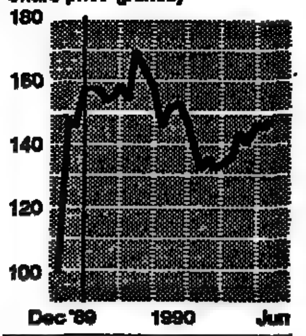
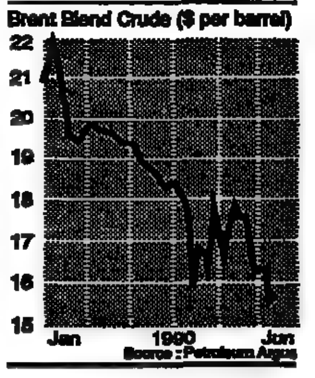
Thames Water

Share price (pence)



Oil price

Brent Blend Crude ($ per barrel)



Source: Petroleum Argus

Thames Water dividend cheers investors

This week saw the first of the post-privatisation figures from the water companies which made their stock market debuts last December. Thames Water stood out after announcing a dividend of 10.07p, around 3.5 per cent better than the prospectus forecast of 9.72p — the first time any privatised company has opted to pay a higher dividend than forecast. Analysts described the proposed payment as a statement of Thames's intent to establish itself in its new environment as an above-average dividend payer. However, specialists at BZW say Thames is yielding less than other water stocks and are slightly concerned at Thames's pursuit of non-core businesses. Hoare Govett points out that the second call of 70p on the shares — as with other water stocks — is due on July 31. *Stephen Thompson*

Oil price hit by bad news

Oil prices plunged again this week — to 18 month lows — following a succession of unexpectedly bad news reports for the market. First were a series of reports showing that Opec members, with the exception of Saudi Arabia, had not seriously cut output as promised following last month's meeting. Then Saudi Arabia lowered July price formulas, and finally the US showed yet another significant increase in oil in storage, bringing it to an eight-year high. Even if Opec does suddenly slash production, it will take months for excess supplies to work through the system. *Steven Butler*

House prices still in decline

House prices remained unchanged in May on the previous month but were 1.8 per cent lower than a year ago, according to the Halifax Building Society. The 1.8 per cent fall in the Halifax house price index from May 1989 to May 1990 represents the largest annual fall since the housing recession started at the end of 1988. Prices paid by first-time buyers were 2 per cent above those paid a year ago but fell by 0.2 per cent in May. The Halifax predicts that further limited falls in house prices will take place this year but it expects to see a recovery in 1991. *Sara Webb*

New director for WI Carr

WI Carr, the London-based stockbroker now owned by Banque Indosuez, appointed Fred Carr, right, as director in charge of new business this week. Fred Carr — who says he is unaware of any family connection with the firm despite the name — spent the last 15 years at Capel-Cure Myers where he was marketing director of the Capital Management business and dealt primarily with private clients. WI Carr is known for its strong presence in the Far Eastern markets with offices in Hong Kong, Tokyo, Seoul, Bangkok, Kuala Lumpur, and Taiwan. The parent bank, Banque Indosuez, recently acquired Gartmore, the UK fund management group, from the troubled financial services house British & Commonwealth. *S W*

Unit trust stalwart dies

Edgar Palamountain, chairman of the Wider Share Ownership Council and a pioneer of the unit trust industry, died this week aged 72. A former managing director and chairman of the M&G group, where he spent 22 years, Palamountain was a champion of private investors and a leading spokesman on their behalf. He was chairman of the Wider Share Ownership Council for 20 years and chairman of the Unit Trust Association between 1977 and 1979. *John Edwards*

LONDON

Bears prowl as profits fall

POLITICS AND economics may be intrinsically linked, but that does not always make them happy bedfellows. So it is with the driving forces behind stock market sentiment at present.

The bull case over the past few weeks has been heavily political. On the one hand, it has derived from hopes of an early entry for sterling into the Exchange Rate Mechanism of the EMS; on the other, from a belief that General Election considerations could prompt a move towards lower interest rates (and, therefore, a more clement business climate) sooner than expected.

Wall Street, of course, has played a major part in this bullish scenario. Indications of more moderate economic growth in the US fuelled hopes of lower interest rates there. That, in turn, stimulated a re-rating of the US market, pushing Wall Street to new peaks. London was quick to follow.

The bear case has rested on a more parochial view of the economic realities. The immediate outlook for corporate profits is anything but encouraging, and the inflationary picture is still bleak. The level of pay settlements, meanwhile, remains uncomfortably high.

This week, the bear case has made a valiant effort to reassert itself, as some of the pressures on companies were writ large. Receivers were called in two quoted retail groups — Coloroll and Glasgow-based A. Goldberg — while British & Commonwealth, John Gunn's ailing financial services empire, finally sank into administration.

Profit falls were reported by a number of groups, including Pilkington, Norcros, and NFC (the former National Freight Corporation). And, on the troubled property front, British Land announced a fall of more than 10 per cent in the value of its City office portfolio, while Great Portland disclosed an equivalent 17 per cent drop — with the latter news knocking share prices throughout the property sector as a result.

Just to compound the gloom, the CBI/FT survey of distributive trades suggested a sharp fall in the rate of growth of capital expenditure by the retail, wholesale and motor industry over the next 12 months. Investment would increase by only 1 per cent in real terms, company projections indicated. That provides statistical backing for the anecdotal evidence which has been surfacing over a number of months.

Yet despite a predominantly bearish view among analysts, the stock market has been slow to lose heart. The FT-SE 100 Share Index nudged seven points higher on Monday and was checked principally by a more measured start on Wall Street. It ended virtually unchanged, despite some erratic swings, on Tuesday.

Only on Wednesday did the tone become noticeably nastier. The Footsie fell more than 21 points, amid nervousness over the US market's future trend. But that was scarcely a representative result: half the City seemed to be at Epsom for the Derby, and the trading volume shown by SEAQ fell to 430m shares, compared with a relatively healthy 600m-plus seen in the previous session.

Moreover, when the punters returned on Thursday, those losses were more than recouped, although by the close of business the gain had moderated to 20 points. The week — and the account — then ended on a dull but sober note, with Footsie 11.8 points lower at 2366.6 by the close.

So what should be made of the fluctuations? True, some of the bad news this week was not exactly unexpected. The move by B&C into administration had seemed increasingly likely, given the diverse interest groups which needed to reach agreement before any "survival plan" would fly. Coloroll's problems had also been well-aired, although judging from the behaviour of its would-be saviour, Candover Investments, the extent of its financial difficulties had not.

There were some brighter spots, too, as the March year-end results season continued. Argyll, the supermarket group, reported a 14 per cent rise in 1989-90 earnings although it fell short of analysts' best expectations; Boots managed a 13 per cent rise; and Reed, the publishing group, also fell into the double-digit camp with an 11 per cent improvement.

Moreover, institutional liquidity remains extremely high. This has the effect of preventing any heavy selling pressure from developing, even when the indices dip. "The market's modest rating needs to be put alongside the strong technical position . . . it would therefore be wrong to overdo the pessimism," concluded one, rather guarded broker's circular this week.

That said, many analysts concur in believing that the current stock market levels make little allowance for any unexpectedly bad news. The next account, moreover, may prove fairly testing. Next week's significant economic data arrives on Thursday and Friday, via the average earnings and unemployment statistics followed by a retail price index figure for May. The following week brings a crop of trade figures.

What could resolve the market's current dilemma would be a serious revival of bid activity. The rumours fly fairly frequently at present and most investment banks are adamant that there is no shortage of ideas being examined. Yet on this front, too, the public picture remains ambivalent.

Very crudely, there are two problems. First, there is a limited market for acquisition funding without a major revival in the underwriting system, and now that the US banks have reined back. Second institutional liquidity appears to be keeping acquisition prices relatively high. If there is any "give," it is on the former score. But the return to "paper-funded" deals is proving a slow and edgy process.

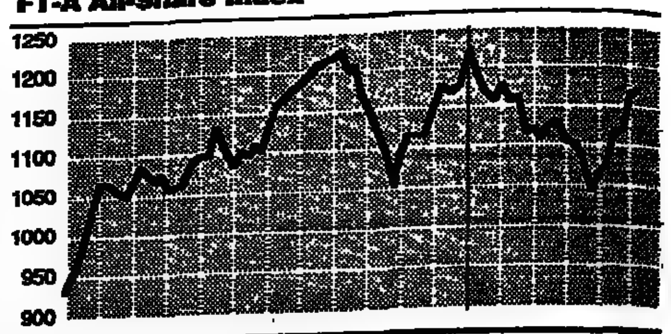
The point was well illustrated this week by the careful manner in which Tomkins, the UK conglomerate, approached its would-be $550m purchase of Philips Industries. Philips is an Ohio-based holding company with a variety of industrial interests, and had been subject to an abortive leveraged buy-out scheme.

Tomkins won management's agreement for a significantly lower offer — evidence, perhaps, that US prices are easing in a way that UK acquirers can only envy — but the deal demanded equity funding. Rather than take the normal step of underwriting (and then sub-underwriting) a cash call as the deal was announced, Tomkins made the unusual move of announcing a two-week "sales campaign" among institutional fund managers. Only then will it put the underwriting in place.

This sort of caution is widespread. It is true that the trail of modest rights issues keeps coming — Attwoods and Ashley Group added their names this week — but once the sums being raised top £100m to £200m, a safety-first approach prevails. And that, surely, speaks volumes for the wariness which still holds court in the Square Mile.

Nikki Tait

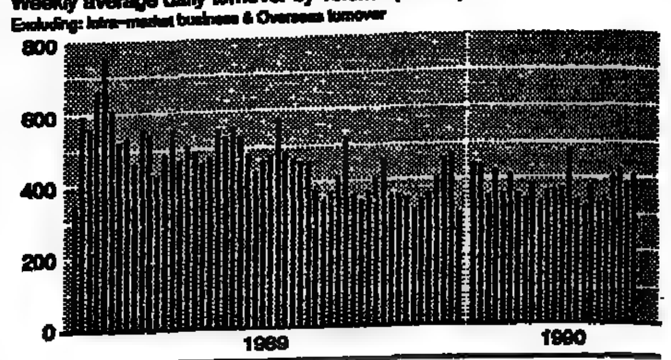
FT-A All-Share Index



Equity Shares Traded

Weekly average daily turnover by volume (million)

Excluding: intra-market business & Overseas turnover



HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1990 High	1990 Low	
FT-SE 100 Index	2366.6	-4.8	2463.7	2103.4	Profit-taking
BM Group	268	+22	270	220	Overseas sales growth
SPB Inds	223	-21	263	205	UBS downgrades/price-cutting war
Beazer	159	+28	178	130	US buying
British Land	318	-36	430	314	Lower net asset value
De La Rue	296	+46	313	207	Interim profits up 41%
Electrocomponents	224	+20	224	181	Preliminary profits up 11%
Elam	122	-32	198	118	Profit warning
Great Portland	249	-17	309	237	Lower net asset value
Int Colour	118	+28	125	72	Agreed bid from Brauerei Eichhof
Lep Group	201	+29	202	136	ADT takes stake
Manpower	90	+12	97	74½	US buying in thin market
Oxford Instruments	233	+33	254	196	Better-than-expected prelims
Powell Duffryn	363	+48	400	310	Co to sell coal distribution unit
Willis Faber	256	-35	295	240	Proposed merger with Corroon&Black

WALL STREET

Shares hit the summit

THE "Gorby Effect" on the stock market has clearly been in evidence in recent days. As President George Bush and President Mikhail Gorbachev posed for the world's television cameras on the lawn of the White House, the Dow Jones Industrial Average jumped above 2,900 for the first time in history.

In celebration of Gorbachev's nostalgic meeting in San Francisco on Monday with Ronald Reagan, the former US president, the Dow Jones Industrial Average jumped another 34.22 points to yet another record high of 2,935.19.

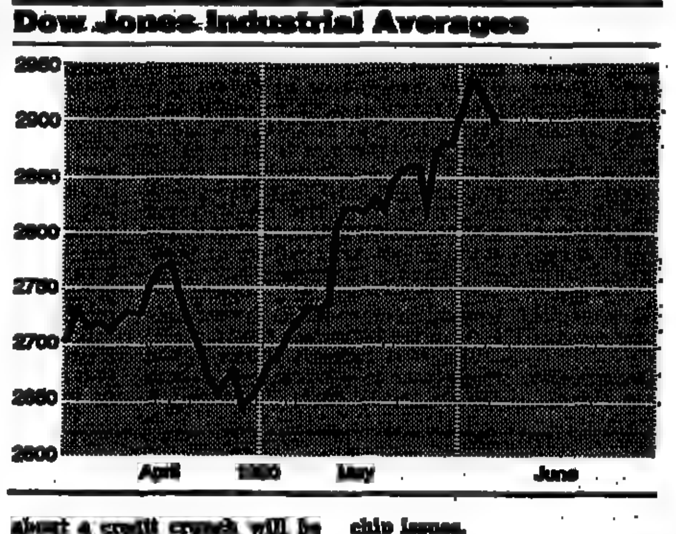
Unfortunately for equities, however, Gorbachev had to go home. No sooner had he taken off for Moscow than the Dow started sliding, recording the first string of three consecutive daily losses since late April.

The rest of the week was a rather dull affair as far as folk heroes go, with only the financial travails of Donald Trump to liven things up. Deep in negotiations with his bankers all week, the ebullient real estate developer is apparently negotiating hard to sell the Trump Shuttle — the airline service running between New York and Boston, and the latest in his large collection of expensive toys.

The airline sector never ceases to surprise. A week ago, corporate circles were astounded by the resignation of Gerald Greenwald, number two at Chrysler, to head the employee group attempting to buy UAL, the holding company of United Airlines. The word in New York circles is that the most likely buyer of the Shuttle is none other than Martin Shugrue, who is the trustee for the bankruptcy of Eastern Airlines and used to be the top operating officer at Continental Airlines. As Liz Smith, gossip columnist of the *New York Daily News* put it: "He sounds like a natural."

All this makes fine gossip material, but those concerned about a credit crunch will be casting a serious eye on Trump's negotiations with Bankers Trust, Chase Manhattan, Citicorp and Manufacturers Hanover as a benchmark of bank attitudes towards highly-leveraged customers. Amid evidence of a New York real estate market which is beginning to weaken significantly, it would be far more than a matter of amusement if Trump cannot thrash out a workable agreement with his bankers.

Dow Jones Industrial Averages



Bank stocks were the most obvious beneficiaries of the major pattern which emerged in the stock market this week, in which investors took profits on some of the large, high-quality issues which have led the rally to record highs and switched funds into sectors and stocks which have significantly underperformed blue chip issues.

In the language of Wall Street, this is called a rotational play. It is both a sensible way to invest in a market which is at historical peaks and also a sign that there may now be a consolidation after May's jump of 8.9 per cent.

Financials stocks suffered earlier this year because of concerns about their exposure to highly-leveraged transactions and weak real estate loans. Bank issues dominated the most active list on the New York Stock Exchange on Monday when the Dow Jones Industrial Average rallied strongly, partly because they are now perceived to offer good value and partly because of lingering hopes that interest rates are heading lower.

They continued to do well, along with utilities, which also react well to expectations of lower interest rates, even as the broad market turned lower (and even as opinion on interest rates changed).

Blue chip issues and growth stocks were the hardest hit when profit-taking set in, with stocks such as PepsiCo trading at around 20 times expected 1990 earnings, and Home Depot, which has been valued at nearly 40 times expected earnings.

Profit-taking was bound to come at some point but was speeded on its way this week by a shift in the market's perception on the future movement of US interest rates. Hopes of lower interest rates as the US Federal Reserve strives to keep economic growth going at its current sluggish pace had been a major factor behind the equity market's surge in May.

However, a number of Fed officials commented on interest rates in the middle of last week and gave the distinct impression that there was no strong momentum for lower rates within the central bank.

Edward Kelley, one of the Fed's governors, said that he was comfortable with the Fed's monetary stance, and Roger Guffey, president of the Kansas City Fed, said that the central bank was achieving what it had set out to do.

Another development which contributed to the weakness of the equity market in the latter half of the week was a drop in crude oil prices after news that Saudi Arabia would give substantial discounts to customers in July.

Despite a rebound in oil prices on unsubstantiated rumours of a nuclear accident in the Soviet Union, shares of oil and oil service companies suffered.

Monday	2935.19	+ 34.22
Tuesday	2925.0	− 10.19
Wednesday	2911.65	− 13.35
Thursday	2897.33	− 14.32

Janet Bush

JUNIOR MARKETS

Needed: a new market

Perhaps the best fate for the Unlisted Securities Market would be its abolition.

While that might seem a rather disloyal suggestion, for this of all columns, it is the conclusion of one of the market's most prominent players.

"Let's clear the thing out and repackage it. Smaller companies are fed up with it," says Mr Brian Winterflood, who runs Winterflood Securities, the leading market maker for the USM.

In part, it is a question of appearances: the term "unlisted" is seen as demeaning for a market that is carefully regulated by the stock exchange.

"It was always a misnomer. We don't want something that has a government health warning," Winterflood says.

That concern has been heightened by a perceived devaluation of the USM, after a relaxation of its entry requirements which means it receives companies formerly destined for the Third Market.

But the overriding reason for a shake-up of the USM is the crippling lack of marketability of smaller companies, he thinks. The volatility of prices, the difficulty of buying shares and the risk of getting locked into holdings have rarely been higher.

The problems has been sharply exacerbated over the last fortnight following the closure of Kitcat & Aitken and Stock Beech Securities's market making arm. Kitcat made markets in the shares of about 100 mainly smaller companies while Stock Beech dealt in nearly 250 smaller companies.

As a result, there is an increasing number of companies which lack a proper market for their shares. Winterflood Securities, which makes markets in all USM shares, reckons that it is sole market maker to about 100 shares.

Brian Winterflood says that he is offering a two-way price in all these shares, although he admits that some of the spreads — the difference between the buying and selling prices — are large. But he seems a little disillusioned with this task. "We are trying to stand here as the independent market maker, the bastion of best execution. We are not going to stand up without some help," he says.

The complaint for Winterflood and other market makers concerns the number of orders which are "matched" by stockbrokers acting as go-betweens for buyers and sellers, which do not go through the market makers.

The popularity of matched bargains is understandable from the large institutions' viewpoint as it is often the only way they can build up a sizeable stake in a company, given market makers' reluctance to hold large quantities of stocks on their books.

But it also contributes to the problems in the market. With significant costs stemming from compliance requirements and sophisticated dealing equipment, market makers need large turnovers to make money. As volume dwindles, they increase the difference between their buying and selling prices.

"The risks involved deserve a big spread," says David Richards who runs Citicorp's smaller companies team.

But large spreads do further damage to the market, in that they deter private investors from buying shares. According to Robert Elliott, of GE Investment Services: "The attitude of the market makers in smaller companies and issues has led to the present problems as their policy of quoting large spreads has been self-defeating as it cannot be best advice to place clients in situations where the buy and sell spread has become so high.

But in what amounts to a vicious circle, many people believe that the return of the small investor is the only thing that will resuscitate the market. They can oil the wheels of the market by buying small amounts of stock, which at the very least would mean that market makers quote realistic prices.

"It relies on the private investor coming back to the market," says Andrew Brough, smaller companies' fund manager at Schroders.

One way of tempting the small investor back into the market would be to give them a chance of investing in new issues. This became frustratingly difficult in 1987 when the Stock Exchange changed the rules on placings.

In the view of Bill Durlacher of BZW, the Exchange should consider a new mechanism that could spread shares around more evenly at a placing.

For Brian Winterflood, the answer would lie in a change in the dealing rules to favour market makers in small companies. He would like to see a "Domestic Stock Exchange," that specialised in small and medium-sized companies, with different procedures to the main market. "We are having a lot of discussions with the stock exchange to work out whether we have the right system," he says.

Another solution to the problem might be giving up the idea of market makers altogether. A growing body of opinion thinks that the Stock Exchange should develop an order driven system, matching buy and sell orders, rather than rely on competing market makers.

Vanessa Houlder

Investment in leisure is no occasion to take it easy

WHEN Michael Gifford, the Rank Organisation's chief executive, announced his company's all-paper £506m share offer for Mecca Leisure a week ago, he dismissed the idea of a cash alternative: "I think Mecca's shareholders will be only too pleased to exchange their shares for those of Rank," he said.

Gifford may yet be forced to change his mind and offer a cash alternative if Rank's bid is to succeed. If no cash is forthcoming then Mecca's shareholders will, at least in the short-term, be forced to stay in the leisure sector even though they, along with many in the City, may be having doubts as to whether the business of making money out of fun is where they want to invest at the start of the 1990s.

From being one of the glamour sectors of the market in recent years, leisure stocks are now being given a wide berth by many investors. At the same time, some leisure companies are also beginning subtly to distance themselves from the leisure name: Expedier Leisure, which operates and manages corporate hospitality events, this week announced plans to drop the word leisure from its corporate name. Kunick, the amusement machine business, has already dropped the "leisure" part of its name.

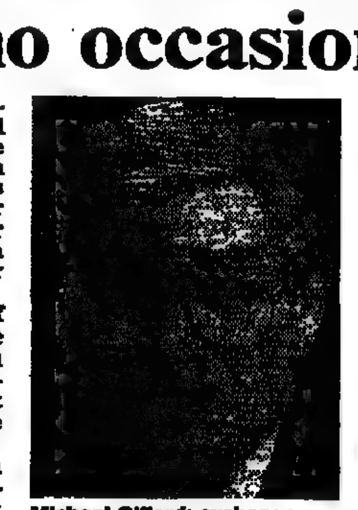
This, however, still leaves plenty of other companies — many formed only in recent years — which clearly indicate their market strategy with the nomenclature leisure: First Leisure, European Leisure (which recently took over Midsummer Leisure), Pavilion Leisure, Stanley Leisure.

For all its vast size — and the Henley Centre for Forecasting estimates that total consumer spending on leisure this year will be worth some £81bn — the leisure sector remains highly fragmented. A few large companies dominate the sector: Trusthouse Forte in hotels; Ladbrokes in hotels and betting; and Rank, which is usually rated as an industrial stock because of its lucrative holding in Rank Xerox, even though most of its earnings now come from leisure. Other companies rated in the sector include Granada and Thorn EMI, largely because of their television rental businesses.

But apart from this clutch of companies, most quoted leisure companies are small and often entrepreneurially-run. "The leisure business is only just emerging from being a cottage industry," Gifford says.

It is this aggregation of a myriad small purchases, ranging from a meal or a night out to a trip to the cinema or package holiday abroad, that makes it easy for the investor to believe he has a feel for the sector, but at the same time masks the difficulties many companies have in running their business successfully.

The successful leisure operator of the 1980s was typically someone who had identified a niche leisure market such as bingo, betting, or discos and was able to apply sound financial techniques, often for the first time. These markets are usually cash-generating businesses as well — which is why tight financial control adds so much to the bottom line.



Michael Gifford: exchange

Michael Ward, an ex-merchant banker with such blue-chip institutions as Samuel Montagu and S.G. Warburg, typifies this approach with his European Leisure operation. Following the acquisition of Midsummer, European Leisure is now one of the UK's leading disco operators. Yet it still has probably less than 10 per cent of the highly-fragmented UK disco market.

The other hall-mark of the 1980s leisure operator was a strong management style. George Walker, for example, the chairman of Brent Walker, has had many admirers in the City over the past decade for his ability to make money out of such seemingly hopeless ventures as the Brighton marina project. Yet his aggressive management style seems to irritate rather than excite City analysts imbued with the scepticism of the 1990s.

Mecca's chairman, Michael Guthrie, also disappointed his admirers by failing to get on top of the ambitious Pleasurama acquisition made in late 1988 for £750m. At the time, Mecca's stronger management and sense of direction seemed ideal: now it appears to many that Mecca took on more than it should.

Yet what Rank has to offer those shareholders who want to stay for the ride in the leisure sector in the 1990s is a strategy of dominating niche markets (such as bingo and holiday camps) and becoming a major player in the rest (eating out, cinema, and holidays).

There is little doubt that increased disposable incomes, more free time, and a greater variety of options will all make leisure one of the growth areas of consumer expenditure in the decade ahead. Some estimates suggest that by the year 2000 travel and leisure will have become the world's largest industry. But the ride may be a little bumpier than the nervous would like.

David Churchill

FINANCE & THE FAMILY

Sara Webb talks to the chairman of Globe Investment Trust

The world on his shoulders

DAVID HARDY has many reasons for wanting to keep Globe Investment Trust alive and kicking. He is personally committed to defending Globe, and if the Coal Board Pension Funds (CBPF) succeed in their bid for the UK's largest investment trust, he stands to lose his job as chairman.

Globe's shareholders, however, can afford to wait to see what happens in the next few weeks before taking action.

Next week, the Office of Fair Trading (OFT) is due to announce whether the CBPF's £1.03bn bid for Globe should be referred to the Monopolies and Mergers Commission (MMC). Globe hopes it will. However, if there is no referral – and if the stock market stays high or keeps rising – the Coal Board funds will have to increase their offer.

Their original cash offer of 191p per share was made when Globe's shares were trading at 174.5p. Since then, the market has climbed and Globe's shares now trade at around 200p.

The funds have acquired 35.24 per cent of the shares so far and have extended the closing date for the offer until June 18.

Hardy is adamant that Globe should stay as an investment trust rather than be gobbled up by a pension fund. His assistant digs out from the "war room" in Globe House a wadge of propaganda urging shareholders to reject the bid. Hardy, meanwhile, waves a sheaf of letters from shareholders, company chairmen and brokers all urging Globe to fight for its independence: he denounces the Coal Board's pension fund for using the taxpayers' money to "rip off" Globe's shareholders.

So what is special about Globe? Why should Globe, a listed company on the stock exchange, be immune from predators?

Hardy gives several reasons why Globe should stay as it is:

■ Globe is the biggest UK investment trust with a £1.2bn portfolio. As a result, it can offer investors a very wide selection of underlying investments, including shares in UK, international, and unquoted companies.

Hardy claims that no other investment trust invests in such a range of unquoted companies.

Most of these unquoted companies are in the UK and have contributed significantly to Globe's performance, he adds. "We take a long view and we make a lot of money for shareholders."

Is this really so? A private investor could come close to duplicating Globe by choosing a handful of other investment trusts. Obviously this would not amount to a mirror image of Globe, but it would come quite close to replicating Globe's investments. For example, one investment trust specialist suggested a combination of Electra (an investment trust which has a high proportion of unquoted and UK companies) and one of the other general international trusts such as Foreign & Colonial, Witan or Scottish Mortgage.


David Hardy: "rip off"

Second, Globe is hardly the star of the international general investment trust sector. There are 23 funds in this sector: over 10 years to May 31, 1990, Globe ranked 15th with £100 growing to £693, compared with the sector average of £889.2; over five years it ranked fourth with £100 growing to £257.6 which is above the sector average of £235.2; over three years it ranked 10th with £100 increasing to £127.8 compared with a sector average of £127.4; and over one year it ranked ninth with £100 rising to £113.8 compared with £107.8 for the sector average.

■ Globe is a high yielding investment trust, says Hardy, with a yield of 3.9 per cent. This is quite high for the international general sector but as investment advisers point out, there are specialised high income trusts with yields of 10 per cent or more.

■ Investors could be liable to pay capital gains tax if they accept the Coal Board's cash and sell their holdings, says the anti-CBPF lobby.

That is not necessarily true. According to Globe, it has about 37,000 private shareholders. The average size of their shareholdings is 4,219 shares. If you want to calculate Mr Average Globe-Shareholder's CGT liability it goes as follows:

Only gains or losses since March 31 1982 are taken into account and they are adjusted for the effects of inflation since that date by the indexation allowance. Globe's base cost for CGT purposes was 45.83p at March 31, 1982. So Mr Globe-Shareholder's investment would have increased from £1,933.56 in 1982 to £8,058.29 if he accepted the CBPF offer of 191p. His indexation allowance amounts to £3,045.36 if one takes the latest Inland Revenue figures, which are for April 1990 (in practice, Mr Globe-Shareholder would use later indexation figures which are not available yet but which would give a slightly higher allowance). So the average chargeable gain would be £8,058.29 minus £3,045.36 = £5,012.93, just over the £5,000 annual CGT exemption.

As it is still early in the tax year, he may not have used up any of his £5,000 CGT exemption. He could therefore realise his shareholding in Globe while incurring a negligible CGT charge.

Of course there will be shareholders with much larger investments in Globe . . . and by the same token there will be shareholders with gains which fall well within the CGT exemption. What you cannot escape is the fact that if you accept the cash offer you will have to be very careful in the rest of the tax year when it comes to realising further capital gains.

As chairman of Globe, Hardy receives a salary of £148,149. He says his salary declined from £158,198 last year because at Globe, salaries are linked to performance as an incentive, and Globe did not outperform the median in the international investment trust sector (in other words its performance was not up to the set target). Hardy surrenders £86,000 in fees to Globe from his other external appointments so his net salary from Globe is £62,149.

But he says he would be happy to work at Globe for nothing. If Globe is taken over, he will be "out with those people with blankets" he says, waving vaguely in the direction of the homeless who camp outside Globe House.

However, if he were to sell his shareholding in Globe at the CBPF price he would receive £65,801, and his share options are worth at least another £100,000 although he says he does not know what would happen to these if Globe were taken over.

Finally, he says that the Coal Board's offer of 191p per share is too cheap. On Thursday, Globe announced that its net asset value per share had risen from 225p to 233p, raising the likelihood that the Coal Board funds will have to increase their offer substantially if they are to put Hardy out of a job.

Caught in the crossfire

Richard Waters reports on the problems of Stock Group

AN ARMY of 50,000 private investors has good cause to feel that it has been let down by the City of London this week. These are the clients of Stock Group (parts of which trade under the name Stock Beech), the stockbroking arm of the British & Commonwealth financial services group which gave up its struggle for survival last Sunday.

As parts of the B&C group succumbed to insolvency, clients of Stock, itself still solvent and trading, found themselves caught in the fall-out.

So far, £65m belonging to Stock's clients had been frozen, and may not be unlocked for three months. Stock had deposited this money in a sister company, B&C Merchant Bank.

The irony is that neither Stock nor the bank have been central to the demise of the B&C group: but as confidence in other parts of the group fell over recent weeks the liquidity of the bank dried up. As a result, it has been put into administration (a new insolvency procedure introduced in the 1986 Insolvency Act, but similar to receivership) and all its funds have been frozen.

Second, Stock, while narrowly avoiding insolvency itself earlier in the week, will soon have a new owner.

Clients of the group must be getting tired of being passed from one financial house to another. Stock itself has been on an ambitious expansion path, having been formed in the past three years out of brokers Stock Beech and Campbell Neill, with the private clients of Hoare Govett and Chase Manhattan thrown in.

With clients being passed between houses with such regularity, and each having its own view of how to make a profit out of them, it would not be surprising if clients are discontented, especially if each new owner takes a different view of the business. For instance, Stock recently decided to charge fees to those who benefitted from its advice, changing its relationship with many of its clients. As a result, the amount of money it has under management has fallen from £4bn to £2.5bn, although many of the clients whose investments it held still deal through the firm.

The main cause for dissatisfaction with the City, though, arises from the freezing of the £65m (together with a further £35m belonging to clients of other B&C subsidiaries). This raises a number of questions:

■ Why did Stock have its cash invested in a sister company, rather than an independent bank? Nothing in the rules of the City's regulators forbade it from doing this, but the concentration of risk that resulted from the Stock/merchant bank relationship is making them think again.

On the face of it, it is difficult to fault what Stock did. The bank was authorised by the Bank of England, and so theoretically was as sound as any other authorised institution. And no-one would question the fact that, say, money belonging to Barclays' investment clients is held within the group. The regulators seem likely to change their rules, perhaps requiring firms to divide client money between a number of banks.

■ Why was the merchant bank allowed to go into administration, resulting in the freezing of its assets? A row developed during the week between the regulators – principally the Securities and Investments Board – and a group of banks about whose fault it was that more money could not be found to keep the bank in business.

In particular, should the Bank of England have stepped in to keep the bank going? There is a predisposition in the City against propping up tottering banks: it does not encourage good management if you know you will be bailed out whenever things go wrong.

The B&C bank, though, was to all appearances well run and capitalised. It was simply brought low by its association with the rest of B&C. Should the regulators have bent a principle to keep it afloat?

■ Is adequate compensation available in such cases? The £65m may all be repaid – although it is frozen there is said to be no problem with the bank's loan book, so the money appears to be safe.

But the case exposes a gap in the City's compensation arrangements that should be closed. The investors are protected by the Deposit Protection Scheme. This covers three quarters of the amount deposited, up a maximum of £15,000 for each depositor.

This is less than the money available under the Financial Services Act compensation scheme, which pays out a maximum of £48,000 (the first £30,000 of a loss and 90 per cent of the next £20,000). The difference could lead to serious inequities. For instance, if a stockbroker deposited a client's money in a bank and the bank went bust, the client would get back £15,000 at most. If the stockbroker simply ran off with the money, the client could recover £48,000.

Where to put your money

WHAT INVESTMENTS provide the best return? Each year Salomon Brothers, the US-based investment group, draws up a comparison of the compound annual rates of return provided by different types of financial and tangible assets.

The latest comparison, just compiled for the year to June 1, shows that Old Masters paintings – which, according to Salomon's definition, includes the Impressionists and other relatively modern works – were by far the best bet last year and indeed for the past five years. Over 10 years, however, stocks (equities) provided the highest return, and over 20 years US coins performed best.

Last year's phenomenal return on Old Masters was undoubtedly boosted by the record breaking prices paid recently for van Gogh's "Portrait of Dr Gachet" and Renoir's "Au Moulin de la Galette." Salomon's comments that $80m seems a hefty price to pay for a painting, but the value of the advertising generated by such purchases may exceed the prices paid. Moreover, past experience suggested that the prices of collectibles could well move even higher if, as they expect, the financial markets remain healthy.

Seeking to explain the boom in collectibles, Salomon argue that wealth creation in any area, such as the oil markets in the 1970s or financial markets in the 1980s, triggers off higher demand for such things as paintings, Chinese ceramics and coins. Their primary appeal is not that they retain their value when inflation is on the rise – a key reason to buy commodities and property – but rather as means of proving to others the financial capability of the buyer.

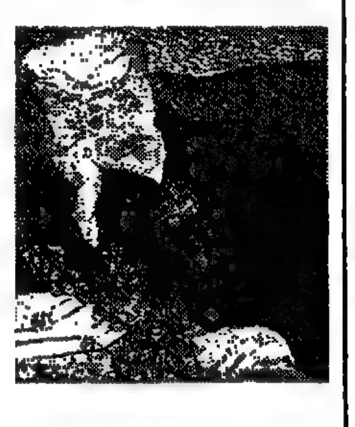
As the creation of wealth fuelled higher prices for collectibles, the boom would only be curtailed by the destruction of wealth hitting demand. Only a widespread recession or a depression would cause this to occur, Salomon concludes.

John Edwards

FINANCIAL AND TANGIBLE ASSETS - Compound Annual Rates of Return

	20 Years	Rank	10 Years	Rank	5 Years	Rank	1 Year	Rank
U.S. Coins	17.3	1	7.3	6	15.0	3	14.6	4
Chinese Ceramics*	14.4	2	7.6	5	14.6	4	18.0	2
Stocks#	12.7	3	17.3	1	17.7	2	15.4	3
Old Masters*	12.7	3	12.3	3	23.9	1	44.5	1
Gold	12.3	5	-4.3	13	3.0	11	0.5	12
Diamonds**	10.7	6	6.4	7	11.8	7	5.5	8
Bonds#	9.6	7	12.6	2	12.0	5	7.5	7
Oil	9.0	8	-3.8	12	-7.0	14	-0.7	13
3 Mos. Treasury Bills#	8.6	9	9.5	4	7.0	8	8.3	6
Housing	7.4	10	4.7	9	6.0	9	2.4	11
U.S. Farmland	6.5	11	-0.6	11	-0.6	12	3.0	10
Consumer Price Index	6.2	12	4.8	8	3.8	10	4.4	9
Silver	5.4	13	-10.2	14	-4.0	13	-2.9	14
Foreign Exchange	4.4	14	1.5	10	11.9	6	10.5	5

*Source: Sotheby's
#Stock returns assume quarterly reinvestment of dividends. Bond return assume monthly reinvestment.
**Source: The Diamond Registry
Note: All returns are for the period ended June 1 1990, based on latest available data.


Van Gogh's "Dr Gachet"

FINANCE & THE FAMILY

John Edwards looks at new issues of National Savings certificates

Good news for grannies

IF YOU are worried about inflation, the launch of a new issue of index-linked National Savings certificates (originally known as Granny Bonds) on July 2 will give you the chance to invest a further £5,000 and achieve a slightly higher "real return."

The new (fifth) issue will offer a tax-free, government-guaranteed, extra interest rate of 4.5 per cent above inflation, as measured by the Retail Price Index, provided the certificates are held for five years. This compares with the 4.04 per cent interest rate provided by the fourth issue, which will be withdrawn from sale on June 30.

In both cases the maximum amount of new purchases is limited to £5,000, although with the fifth issue it will also be possible to reinvest up to £10,000 worth of matured savings certificates which are at least five years old.

However, there is a significant difference between the two issues. The structure of the new one has been altered to discourage investors from cashing-in before the five-year period has elapsed. On fourth issue certificates held for more than a year the amount of extra interest received above inflation moves on a rising scale over the next four years from 3 to 6 per cent, averaging 4.04 per cent over the five years. This means that it is possible to encash the certificates early after the first year and still achieve a reasonable "real return."

With the fifth issue there will be no extra interest after year one; only 0.5 per cent after year two, 1 per cent after year three and 2 per cent after year four. So you effectively have to take a five-year view of inflation and the trend in interest rates to avoid a heavy early encashment penalty.

So there is more of a gamble. If inflation was to fall, and interest rates remain at a premium level, then the index-linked certificates may provide a poor return in comparison with other interest-bearing investments.

Whatever happens, however, you are guaranteed a "real return" above inflation, and at present levels index-linked savings certificates are providing one of the best returns available, particularly bearing in mind that it is tax-free.

National Savings is also launching a new issue (the 35th) of fixed-interest Savings Certificates that provide a guaranteed tax-free return if held for five years. On sale from June 18, it will offer an improved rate of 9.5 per cent a year tax free, compared with the 7.5 per cent given by the 34th issue, to be withdrawn from sale on June 16.

The 2 per cent rise will certainly make the new issue of Savings Certificates more competitive: for 40 per cent taxpayers the tax-free return would be the equivalent of a 15.83 per cent interest rate, and for the standard rate payer 12.66 per cent. These rates are dependent on holding the Certificates for five years, but the early encashment penalties are not too bad. You get 6.5 per cent after the first anniversary rising annually to 8.5 per cent.

However, there is an even greater restriction on the maximum amount that can be invested. New purchases are limited to only £1,000, although you can reinvest up to £10,000 of matured certificates.

In addition you can take out a Yearly Plan, which offers exactly the same guaranteed interest rate of 9.5 per cent, but instead of making a lump sum investment you pay monthly contributions (up to a maximum of £200) for the first year only of the five-year period, So you can invest a further £2,400.

The higher rates for these tax-free products reflect another shift in National Savings policy to attract more business from taxpayers, instead of concentrating primarily on non-taxpayers, It also fits with the policy of the last Budget of encouraging longer-term savings. If you retain matured fixed-interest savings certificates you still only receive a measly 5.1 per cent a year tax-free interest. This low rate is justified by the fact that they can be encashed immediately, but it also provides a powerful incentive to reinvest in new products.

Nevertheless, National Savings also has a considerable edge in taking advantage of the introduction of independent taxation for married couples in that it that has several products that can pay interest gross, without tax being deducted at source.

In the Budget, John Major, the Chancellor, announced a 1 per cent increase in the rates paid on income bonds (13.50 gross) and the investment account (12.75 gross).

Index-linked savings certificates are providing one of the best returns

Now, in a further attempt to encourage longer-term savings by non-taxpayers, National Savings are also putting up the return on the controversial Capital Bonds, which have attracted some £500m since their launch in 1989.

The original A series, which offers a fixed rate of 12 per cent gross interest annually over five years, is being withdrawn from sale on June 16, and will be replaced from June 25 by a B series of Capital Bonds paying 13 per cent.

Apart from the extra 1 per cent, there are other changes with the B series. A maximum holding of £100,000 is being introduced. At the same time, the way the annual interest is credited over the five-year period has been altered in exactly the reverse direction to the index-linked certificates. With series A Capital Bonds the emphasis was on crediting a low rate of interest in the early years (the first year is only 5.5 per cent) offset by a very high rate (20.6 per cent) in the final year to make up the annual average of 12 per cent. With series B, the first year rate is 8.5 per cent, rising to 18.8 per cent in the final year to give the 13 per cent average.

This will mean a better deal for those who encash the Bonds early. But it makes them a poorer investment for taxpayers, who are liable to pay tax on the notional rate of interest paid even if money is not collected until the end of the five-year period.

In other words, there is even less reason for taxpayers to buy Capital Bonds, but more incentive for non-taxpayers, given a higher rate and a better early encashment deal.

Kenneth Gooding on a dire warning for gold shares

The Donald Duck effect

GOLD MINING shares are wildly over-priced and must eventually come crashing down. That was the message delivered by Dr Rob Weinberg, head of the mining team at the James Capel financial services group, at the recent Boston Gold Show.

The sight of gold shares being driven up to sillier and sillier multiples of their profit margins "reminds us of Donald Duck running at immense speed off the edge of a cliff. He continues to run until he realises that he is supported by nothing more than fresh air," said Dr Weinberg. "Then he plummets."

He is one of the most thoughtful mining analysts in the City – and one of the most brave. Not only was he prepared to voice publicly the private doubts of many other analysts, but he chose to unburden himself to an audience of gold producers.

His views have particular significance for the Hanson conglomerate, which has about $1.5bn (£900m) of high-priced Newmont Mining stock in its portfolio, and the new management team at Minorco, which recently paid 55 times historic earnings and 23.5 times forecast earnings for Freeport McMoRan Gold of the US.

If you are tempted by mining shares, base metal producers and diversified mining groups offer much better value for money, he suggested.

As evidence to back his arguments, Dr Weinberg pointed out that the market capitalisation of all the major North American gold companies was about $22bn. If gold averaged $400 an ounce this year, those companies would produce net profits of nearly $700m. ". . . it will take the investor 32 years to get his money back in the form of company earnings.

"I am not talking about dividends, with which we can amortise our investments, for those are slim indeed. In cash flow terms it would take 17 years to get your money back, but I suspect that only a handful of today's gold miners will be in business that long."

In contrast, said Dr Weinberg, Alcoa, Inco, and Phelps Dodge, the market leaders in aluminium, nickel and copper respectively, had a combined market capitalisation of $10.7bn. Yet, with a market capitalisation of only half of all the North American gold producers, these three companies would earn this year $1.4bn – double all the gold miners' earnings.

Earnings from the three base metals groups would repay an investor's money in just over seven years. "This year they should also pay a total of $390m in dividends, which is more than half of what all gold mines put together will earn."

Dr Weinberg contrasted "the mysterious case" of Newmont Gold, the largest US gold producer, and and Phelps Dodge. He suggested that, in order to justify the current Newmont Gold share price, the price of gold would have to average more than $535 an ounce in real terms for the next 20 years.

It could be argued Newmont's share price reflected its "blue sky" potential, Dr Weinberg noted. But Newmont would have to more than double its geological resources of gold to more than 90m ounces to justify its present price.

Alternatively, assuming a real gold price of $400 an ounce and using a discount rate of 6 per cent "the value of Newmont Gold is $21 a share or over 50 per cent below the current price." In comparison, the copper price, currently above $1 a pound, would have to average only 63 cents for Phelps Dodge to achieve a real rate of return of 6 per cent. "And if we assume a copper price of 90 cents a pound, an internal rate of return of 6 per cent would imply a share price of $96. This is a 55 per cent increase on the current Phelps Dodge price."

Dr Weinberg said this "weirdly irrational" phenomenon was not restricted to North America but occured also for Australian and South African shares.

Why was there this enormous gulf between the perceived value of gold and base metal sectors? It was the "weight of money" – or too much cash chasing too few gold mining shares – that is responsible, he suggested.

"I have many good and highly intelligent friends who manage funds. They know gold shares are overvalued. But I have not heard of a single one of them sending a cheque back to an investor wanting to buy units in their funds.

"I haven't heard of a case of them saying: I don't want to invest your money because gold shares are horrendously over-priced, leave your money in the bank. No. They buy more of these expensive gold shares with it, making the shares more expensive still."

Dr Weinberg declared: "The ultimate test of any investment is that you get more money out of it than you put in. There are precious few gold shares that can rationally be expected to pass that test but you can find many base metal and diversified mining companies that do so with ease."

Then came his warning: "Donald Duck is bound to fall."

David Barchard on building societies in hard times

Takeovers and tie-ups

"I'VE INVESTED in 25 building societies and so far all I've got out of it is a mere 75p from the Peckham Building society when it merged," one of the City figures sitting in a Brighton bar on the fringes of the Building Societies Association annual conference said ruefully this week.

The fact that he – along with a phalanx of representatives from foreign banks and insurance companies – was mingling with the building societies suggests that he and other investors hoping for a building society takeover may not have long to wait.

The building society movement now appears resigned to a spate of takeovers in the next year or two. More than one society has been, with a potential takeover partner, to talk to the industry watchdog, the Building Societies Commission.

The housing market is now in its deepest recession for 40 years. With their profitability flagging and reserves under pressure, some building societies are seeking a way out in the traditional form of a merger with another society.

This week Walthamstow, with 12 branches and assets of £351m, announced it was merging with Cheltenham & Gloucester, assets £9bn. Walthamstow was for three or four years before last year one of the most profitable of all building societies. Its investors will now get a bonus of a mere 0.75 per cent on their balances.

Other societies are now thinking in terms of a tie-up with an insurance group or foreign bank. The timing of the first announcement has probably been speeded up by the atmosphere of this week's BSA conference, which showed that a takeover is no longer taboo.

What does this mean to a building society customer? First, there are still some societies which one can say with confidence are not going to be involved in mergers or flotations, at least for the foreseeable future. They include Halifax, Woolwich, Bradford & Bingley. Terry Adams, chief executive of Skipton – a medium-sized society which has received takeover approaches from Prudential and probably other insurance groups as well – was to be heard saying that with profits growth like his, there was absolutely no need to think of a change.

But hardline defence of mutual status seems to be fading fast. So if you are a member of a building society, hang on to your membership. Make sure that you do not let your savings account dip below the £100 mark, particularly at the end of the year or half year: dates which might be the qualifying points for voting.

Bear in mind – as one would-be deal-maker said – the Abbey National flotation was "a steal": members got a very low price for surrendering ownership. It looks increasingly as if building society members of a society being taken over ought to expect around £400 to £500 in cash payments.

However, under present rules, you must be a member of a society for two years before the qualifying date in order to be eligible for cash payment, even though more recent members will still be able to vote. It is also possible that cash benefits may be linked to the size of your deposits with a society, rather than handed out on a flat rate per member as happened in the Abbey National float.

Which societies look most likely to be taken over? The possibilities are almost endless. Bristol & West, which has already forged some links with Eagle Star Insurance is one. National & Provincial could be a takeover target now that it has apparently been forced to abandon its flotation. Norwich & Peterborough is the only society with merchant bank advisers and would be a good buy, though the whisper on the market is that it may be planning a full-scale flotation.

Cheltenham & Gloucester will almost certainly become part of a larger group some day. And don't forget the potential in smaller regional societies. This week it emerged that a new mortgage company, called Edinburgh Mortgage Corporation, is being set up with the backing of Scottish Amicable, the Scottish mutual life assurance group, to buy up smaller societies and forge them into new national bank.

Just how quickly things will happen is hard to say. Societies and their takeover partners are worried about having to run the gauntlet of national press publicity and the scrutiny of the Building Societies Commission. But sooner or later someone is going to do it, and others will certainly follow.

The Week Ahead

British Steel forges ahead

British Steel is expected to show an increase in pre-tax profit of more than 20 per cent to at least £720m in its full-year results, to appear on Monday.

After a cracking first half, which clocked up £423m pre-tax, conditions started to become more difficult, particularly because of the downturn in UK construction.

The biggest imponderable is the amount of exceptional costs – provisions against redundancy and other closure expenses – that will be included. Part of the equation will be whether the bill for closing the Ravenscraig hot strip mill, perhaps £25m, will prefigured.

Other questions will focus on the strategy of moving into continental Europe, where BS has only 2 per cent of the market compared with 60 per cent at home.

As it is regarded as an income stock, the dividend increase will be a key point.

There will be keen interest on Thursday in the annual results from FKI, the electrical products group which was demerged from FKI Babcock last summer and issued a profits warning in February. Until then, analysts had been looking for pre-tax profits of about £77m, but that has been scaled down to around £55m. Attention will centre on how well Mr Norman Scoular, FKI's chief executive, has fared in sorting out the group's problems in the US, where it has been hit by bad market conditions in the automotive sector.

The new senior management team at Johnson Matthey, the precious metals marketing and refining group, has already given a warning that further rationalisation will lead to substantial exceptional charges in the 1989-90 financial year.

Analysts expect the charge to be about £10m. A relatively low platinum price has not helped JM. Many analysts therefore expect JM's taxable profits to fall from £64 to between £50m and £53m when it reports its annual figures on Thursday.

JM's management has also indicated that net earnings for the year to March 31 will be adversely affected by a tax charge higher than the "abnormally low" 19 per cent in the previous year.

The key figure awaited from the full-year results of J Rothschild Holdings, the investment company, is the net asset value.

On September 30 it had risen to 201p per share, but one analyst estimated this would have fallen back to about 190p. The position will not have been helped by a loss on a small stake in Sir James Goldsmith's Hoylake, vehicle for his failed BAT bid, and by a write down in the value of a 5.5 per cent interest in Sunningdale, which owns 29.9 per cent stake of Ranks Hovis McDougall. JRH also has a 12.5 per cent stake in Anglo, another Goldsmith bid vehicle.

Pre-tax profit for the year to the end of March, in results due out on Thursday, is expected to be about £150m, including dealing and fund management profits, compared with £134m.

Strong performance at Hong Kong Telecom and an improvement in the position of its Mercury Communications subsidiary is expected to boost pre-tax profits at Cable and Wireless to £515m for the financial year just ended up from £420m, according to Kleinwort Benson Securities. Warburg's takes a slightly more bearish view, expecting C and W to report full-year profits of £506m on Wednesday. Racal Telecom, which also reports on Wednesday, is expected to announce £162m in annual pre-tax profits, up from £86m, according to Kleinworts. Warburgs is expecting £163m. The City is taking a bearish view about the rest of the electronics portfolio of Racal. Kleinworts expects the parent group to increase profits from £177m to £210m, while Warburgs thinks the increase will be only to £202m.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £ms**	Bidder
Prices in pence unless otherwise indicated					
Aquascutum	550*	550	340	19.25	Renown Inc.
Do. A	200*	197	145	54.55	Renown Inc.
Cont. Microwave‡	230*	222	145	12.24	Pharos Hldgs.
Do. 6% Conv. Prf‡	112*	107	65	3.55	Pharos Hldgs.
Crystalate	92§	81	73	36.20	TT Group
Crystalate	80*§	81	73	30.60	Vishay
Globe Inv. Tst	191*§	200½	174½	1.03bn	Br. Coal Pen. Fd
Int.Colour Magnet	124*	118	89	14.20	Brauerei Eichhof
Lancaster	185*§	178	143	31.83	Newco
Mecca	90.9	88	84	283.65	Rank Org.
Do.7.25p Cv. Pf.	75	69	56	234.05	Rank Org.
Monks & Crane	93*	91	53	16.66	Wurth Hld GmbH
Optim Group	17	15	14	13.60	Systems Reliab.
Pennant Group	25§ §§	24	19	4.59	Mowat Group

*All cash offer.††Cash alternative. ‡Partial bid. §For capital not already held.‡Unconditional.**Based on 2.30pm prices 8/6/90.†At suspension. §§Shares and cash.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Allied Colloids	Mar	41,300	(36,200)	8.9	(10.2)	3.2	(2.86)
Anglo-Eastern	Mar	811	(810)	2.0	(2.4)	1.0	(-)
Argyll	Mar	243,600	(208,500)	18.4	(16.1)	4.8	(4.1)
Atkins Brothers	Mar	870	(1,270)	14.9	(21.1)	8.4	(7.7)
Betterware	Feb	2,760	(1,800)	18.3	(12.8)	5.15	(3.75)
Boots	Mar	358,000	(306,700)	25.5	(22.6)	7.15	(6.5)
British Land	Mar	44,800	(60,480)	-	(-)	5.25	(3.0)
Brown N Group	Mar	12,500	(6,120)	13.9	(7.13)	3.675	(3.5)
Caffyns	Mar	664	(2,060)	12.5	(53.3)	6.5	(6.50
Century Oils	Mar	2,910	(4,050)	6.74	(8.82)	4.25	(4.25)
Chillington	May	1,310	(2,040)	6.1	(10.4)	5.0	(5.0)
CLF Yeoman *	Feb	11,740	(14,390)	20.4	(31.4)	4.15	(2.75)
Channel Express	Mar	1,380	(1,130)	8.2	(7.4)	1.8	(1.3)
Chemoxy Int.	Mar	1,440	(1,060)	35.2	(27.5)	-	(-)
CML Micro.	Mar	4,200	(3,320)	15.5	(12.1)	2.3	(1.8)
William Cook	Mar	9,500	(5,053)	45.1	(38.40	8.0	(6.25)
Cupid	Mar	637	(485)	15.7	(14.2)	3.0	(2.2)
De La Rue	Mar	36,500	(27,300)	14.0	(5.4)	10.0	(10.0)
Edbro	Mar	3,600	(4,200)	28.0	(34.0)	8.0	(8.0)
Electrocomponent	Mar	58,600	(52,700)	18.4	(16.6)	4.3	(3.6)
Erskine House	Mar	15,590	(15,1000	19.7	(22.3)	4.35	(4.35)
Estates & Agency	June	508	(722)	7.47	(7.9)	4.0	(3.0)
GPA §§	Mar	242,000	(152,201)	42.0	(28.1)	-	(-)
Henderson Admin.	Mar	22,020	(12,440)	68.1	(37.8)	27.5	(23.0)
Hunter Saphir	Feb	5,580	(6,050)	15.3	(14.1)	3.7	(3.7)
Illingworth Mor.	Mar	9,040	(9,430)	15.7	(15.3)	-	(-)
Investment Co	Mar	1,120	(1,060)	3.17	(2.94)	0.775	(0.5)
Kembrey	Mar	429	(367)	1.02	(0.36)	-	(-)
Lanca	Mar	88 L	(1,440)	-	(-)	0.25	(1.00
Leigh Interests	Mar	8,350	(6,007)	16.9	(13.8)	4.88	(4.2)
Marshalls	Mar	27,710	(25,030)	14.1	(13.5)	3.75	(3.25)
Monarch Res§§	Mar	365	(1,100 L)	-	(-)	0.3	(-)
Norcros	Mar	37,300	(53,712)	16.5	(35.5)	11.0	(11.0)
Northern Foods	Mar	90,200	(85,300)	29.2	(27.4)	7.25	(6.5)
North West Water	Mar	75,000	(44,300)	-	(-)	10.47	(-)
Optometrics Cor§§	Mar	330	(325)	.021	(.023)	-	(-)
Oriflame Int.	Mar	9,630	(13,2100	-	(-)	8.0	(6.5)
Oxford Instrum.	Mar	15,500	(14,300)	21.0	(19.1)	2.7	(2.2)
Pilkington	Mar	314,300	(325,200)	25.0	(27.3)	7.57	(6.84)
Powell Duffryn	June	35,620	(33,930)	36.8	(38.6)	16.0	(14.5)
Powerscreen	Mar	14,550	(11,550)	14.3	(12.0)	3.59	(3.0)
Reed Int.	Mar	302,000	(271,085)	38.2	(34.5)	9.4	(8.0)
Rowlinson Sec.	Mar	2,810	(3,110)	14.6	(16.9)	1.11	(1.11)
Sanders & Sidney	Mar	1,080	(852)	14.2	(11.70	5.2	(4.6)
Six Hundred Grp.	Mar	8,590	(10,080)	11.4	(14.8)	3.74	(3.74)
South West Water	Mar	45,300	(38,100)	-	(-)	11.6	(11.6)
TDS Circuits	Feb	3,510 L	(1,970 L)	-	(-)	-	(-)
Thames Water	Mar	179,200	(207,200)	10.0	(-)	-	(-)
TR Property Inv.	Mar	5,620	(6,100)	1.65	(1.67)	0.85	(0.85)
TR Technology *	Apr	3,040	(2,830)	3.1	(2.78)	1.6	(1.5)
Vibroplant	Mar	14,010	(11,070)	20.4	17.32)	2.38	(1.98)
Yale and Valor	Mar	56,600	(49,300)	27.3	(31.2)	6.15	(5.30)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
ABI Leisure	Feb	2,940	(2,120)	3.1	(-)
Acatos	Apr	3,020	(1,090)	1.75	(3.5)
Brooke Tool	Mar	831	(820)	0.72	0.725
Crown Communications	Mar	2,950	(3,790)	1.5	(1.5)
Daily Mail& Gen.Tst.	Mar	21,800	(19,006)	27.0	(25.00
T French	Mar	507	(1,060)	1.45	(1.45)
Hardanger	Mar	3,100	(2,860)	8.25	(8.25)
Johnson & Firth Brn.	Mar	5,700	(4,700)	1.0	(0.80)
Lombard North	Mar	23,900	(42,900)	-	(-)
Lonhro	Mar	110,000	(120,000)	5.0	(4.54)
NFC ♥	Mar	36,400	(32,4000	1.1	(0.9)
Saatchi and Saatchi	Mar	14,400	(20,200)	-	(1.60)
Sanderson Elect.	Mar	1,760	(1,510)	3.0	(2.09)
Sturge Holdings	Mar	2,900	(2,400)	5.5	(5.0)
TSB Chan Islands	Apr	4,550	(3,400)	2.76	(2.4)
United Drug'	Mar	1,150	(958)	1.75	(1.58)
Warringtons	Mar	1,300	(1,030)	1.0	(1.0)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L = loss.♥Third interim for 25 weeks to March 24§§.Figures quoted in US dollars.'Figures quoted in Irish punts. * Net Revenue.

RIGHTS ISSUES

Ashley Group is to raise £26.9m via a one-for four ordinary shares and five-for sixteen preference shares.
Morgan Crucible is to raise £78.9m via a two-for-nine rights issue at 248p.

OFFERS FOR SALE, PLACINGS AND INTRODUCTIONS

Levercrest is to join the USM via a placing of 1.7m shares at 108p.

RESULTS DUE

Company	Announcement due	Dividend (p)* Last year Int.	Final	This year Int.
FINAL DIVIDENDS				
Albrighton	Monday	-	2.0	-
Acal	Monday	1.35	2.7	1.55
Alexon Group	Monday	4.0	6.5	5.0
Amersham International	Monday	3.5	7.5	3.7
Anglian Water	Monday	-	-	-
Bimec Industries	Tuesday	-	0.75	0.55
Borthwicks	Monday	1.0	0.50	1.0
British Steel	Monday	-	5.0	2.75
Bromsgrove Industries	Monday	1.3	1.75	1.0
BSS Group	Tuesday	5.0	10.0	5.75
Bulgin A F & Company	Thursday	-	0.2	-
Cable and Wireless	Wednesday	2.82	5.16	3.1
Cape	Wednesday	2.0	5.5	2.5
Cater Allen Holdings	Thursday	5.37	18.13	5.37
Clayhithe	Tuesday	1.5	2.75	1.5
Cohen A and Co	Tuesday	6.0	15.0	6.5
Cropper James	Thursday	0.89	1.625	0.95
Donelon Tyson	Monday	-	0.75	-
Drummond Group	Tuesday	1.0	2.7	1.0
Elga Group	Monday	0.40	1.1	0.50
Emap	Monday	1.43	4.22	1.72
European Colour	Wednesday	-	0.75	-
Feupel Trading Group	Tuesday	-	-	1.25
F.& C Smaller Companies	Tuesday	0.40	0.9	0.45
Ferguson Industrial Holdings	Monday	3.75	7.75	4.25
James Finlay◆	Thursday	2.0	2.15	2.0
FKI	Thursday	2.0	3.5	1.0
Hanover Druce	Friday	1.5	3.5	1.5
Hardy Oil & Gas	Monday	-	-	-
Harrison Industries	Tuesday	2.1	4.75	2.1
Heath C E	Wednesday	7.5	18.375	7.5
H T Hughes	Tuesday	1.10	1.38	1.32
Johnson Mathey	Thursday	2.5	6.5	2.5
Learmouth & Burchett	Wednesday	0.6	1.4	0.6
London International Group	Thursday	2.35	4.9	2.7
Lyons Irish Holdings †	Monday	3.5	7.2	4.65
M & G Second Dual Trust	Wednesday	9.64	9.15	11.4
Mansfield Brewery	Wednesday	2.25	7.25	3.4
Marston,Thompson & Evershed	Tuesday	0.94	2.42	1.11
Meyer International	Tuesday	4.0	11.0	4.2
New London	Monday	-	-	-
Normans Group	Monday	1.05	1.15	1.1
Northumbrian Fine Foods	Thursday	0.75	0.75	0.72
Osborne & Little	Tuesday	2.0	3.8	2.0
PCT Group	Tuesday	1.9	3.1	2.2
Property Partnerships	Monday	2.0	3.5	2.25
Racal Telecom	Wednesday	-	0.7	0.75
Regalian Properties	Wednesday	1.5	2.5	1.5
Rothschild J Holdings	Thursday	4.0	5.5	5.0
Safeland	Tuesday	0.67	2.86	1.60
Salvesen Christian	Wednesday	1.7	3.1	2.5
Scapa Group	Thursday	1.27	6.23	1.43
Shaw Arthur & Company	Wednesday	1.1	2.7	1.1
Somic	Friday	1.0	2.25	1.0
Staveley Industries	Thursday	1.9	4.9	2.1
Tinsley Robor	Monday	0.75	1.35	0.75
Unilock Holdings	Tuesday	1.0	1.6	1.40
VIP Group	Thursday	-	1.6	-
Vosper Thornycroft Holdings	Tuesday	2.75	5.75	3.15
Waverley Mining Finance	Monday	0.50	-	-
Waddington John	Wednesday	3.4	3.9	3.5
INTERIM DIVIDENDS				
Burndene Investments	Tuesday	2.5	5.5	-
Carrs Milling Industries	Tuesday	1.75	5.75	-
Chemring Group	Wednesday	7.50	24.5	-
Craig and Rose	Wednesday	2.0	11.25◆	-
Craton Lodge & Knight	Wednesday	0.7	-	-
Control Techniques	Monday	1.5	3.7	-
Davenport Vernon	Thursday	-	3.5	-
Devenish J A	Tuesday	-	3.7	-
Eldridge Pope & Co	Thursday	1.75	2.35	-
Flexello Castors & Wheels	Thursday	1.67	3.4	-
London Scottish Bank	Wednesday	0.75	1.65	-
Lookers	Wednesday	1.65	4.2	-
Lovell YJ	Thursday	2.0	6.75	-
Midland Radio	Monday	25.0	20.0	-
Moorfield Estates	Tuesday	-	-	-
Smith New Court	Friday	1.6	5.5	-
Strata Investments	Friday	1.15	-	-
Watson & Philip	Thursday	2.85	7.25	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue.◆ Second Interim.† Figures quoted in Irish punts.

EXPATRIATES

Subtle changes in tax procedure

IT IS becoming clear that subtle, but potentially important, changes are taking place in the Inland Revenue's procedures where domicile outside the UK is claimed.

Domicile status is the factor which connects the individual with a particular legal system. It is a status distinct both from residence and nationality and has an importance which extends into a number of areas of the law.

In the field of taxation, its significance is considerable. Those fortunate enough to possess non-UK domicile – typically foreigners or those of British stock whose families emigrated at some earlier time – may, in consequence, be able to defer, curtail or even eliminate some of the UK tax liabilities which would otherwise have attached to them.

It is no surprise, therefore, that a claim to be domiciled outside the UK has never been a matter which the Inland Revenue has been willing to accept "on the nod."

Somewhat unhelpfully, it has long been the practice of the Revenue to decline even to discuss the matter until it is immediately relevant for the determination of a tax liability.

Consequently, there is no *point in writing to the Revenue* from abroad, setting out your circumstances, indicating that you would like to spend a period of years in Britain and seeking confirmation that you would not be regarded as a UK domiciliary.

Your question would be politely turned aside. Consequently, you might opt to seek independent advice and, provided it supports your cause, come to the UK prepared to argue your case from within.

Alternatively, should you prefer to clarify your status first, you could remain overseas and force a ruling by gifting into a discretionary settlement, overseas assets of such an amount as would, if you were UK domiciled, give rise to an immediate tax liability.

However, the International Division of the Inland Revenue (which is concerned with domicile so far as it relates to income tax and capital gains tax) is now declining to make rulings and are willing only to express opinions.

In explanation of the change, the Revenue is claiming that "rulings" are a matter for the courts. What is the reason for this change? Will it permit the "opinion" to be declared mistaken and for the matter to be re-opened retrospectively?

If so, that would have very serious implications. Apart from introducing a further element of uncertainty, the ability to rely on hindsight could be a powerful weapon in the Revenue's hands.

For example, you might come to the UK with the clear intention of staying for no more than five years but, in the outcome, remain permanently. It would then be very difficult for you to identify the time when the change came about and, consequently, to rebut any suggestion that you should be regarded as acquiring UK domicile from the date of your first arrival.

Whilst uncertainty on the point remains, the would-be non-UK domiciliary should take even greater care than previously since they will not know the extent of the tax liability they will face when coming to the UK. This is in sharp contrast to the right of US taxpayers to require the Internal Revenue Service to give them a ruling on any such matter.

In a further change of practice, the Revenue now tends to begin its consideration of domicile by asking about the amount of your overseas income and its remittance to the UK.

It is arguable that you need only respond to the latter part of this question. Your duty of disclosure under the Taxes Acts extends only to income (or gains) "computed in accordance with the Income Tax (or Capital Gains Tax) Acts", and the *fact* is that non-remitted overseas income (or gains) are taxable only if you are a UK *domiciliary*.

However, it appears that the question is, in fact, simply a reflection of the "no consideration until it is relevant" attitude. If you had overseas income, all of which was remitted to the UK, the whole amount would be taxable regardless of your domicile. Consequently, it will be sufficient to reply that you do have overseas income or gains, not all of which is remitted to the UK.

There are signs too that efforts are being made by the Revenue to ensure that domicile settlements once made, are reviewed from time to time. That should be the situation now, but the reviews seem frequently to be overlooked.

Donald Elkin

Donald Elkin is a Director of Wilfred T Fry of Worthing, West Sussex.

Travel Money: **David Barchard** on the Turkish banking system

Don't burn the banknotes

TURKEY straddles Europe's borders with the less developed world, a position reflected in its banking arrangements.

A holiday-maker in one of the seaside resorts on the Aegean or Mediterranean coast can expect to be able to cash travellers cheques and Eurocheques easily and pay his restaurant or hotel bill with a plastic card. A few miles inland, in the small towns and villages of the Anatolian mountains, nothing but cash is accepted for payment.

So, if your holiday plans take you to Turkey, the *first thing* to do when planning your finances is to look in the mirror and ask yourself the question that most people prefer not to face: are you a traveller or just a tourist? Are you going on a package tour in search of sun and sand, or do you belong to the more adventurous minority of the 3m visitors who now go to Turkey each year, who travel to the remote east of the country? If you are going off the beaten track, you will have to work out ways of keeping up your cash liquidity.

Bear in mind too that mass tourism and electronic banking technology both came relatively recently in Turkey. Older trading habits can sometimes offset gaps in the system. In the early 1980s Ankara's largest bank would refuse to pay a £500 cheque into a Turkish Lira account on the grounds that the amount was too large, but carpet dealers (who seem to have infallible credit scoring techniques) would happily accept it.

Things have changed since then. Today Turkey's currency – the Turkish Lira – is fully convertible, at least in theory. Restrictions on bringing currency into the country or taking it out have gone. The trouble is, that with inflation around 65 per cent, you will not find too many people outside the country who want to buy it.

So one rule must be that you should not change more foreign currency than you need. You can (in theory but not always in practice) sell back any *excess* when leaving the country. The rate is certain to be bad and the airport bank branch will probably tell you that it is out of the foreign currency you want. Generations of angry tourists (and some expatriate Turks) will testify that the effort to change Turkish Lira is time-consuming and not worth the hassle.

Unfortunately, the duty free shops at Turkish airports do not yet seem to have been told that the Turkish Lira is now convertible and will probably only accept foreign currency. If you change Turkish Lira into *sterling in the UK, you* will probably lose more heavily.

Banks: Bank branches keep standard office hours in Turkey: 9.00 to 5.30, but close for lunch. Branches are closed on Saturdays. Not all will change currency, even if they have a sign on the door indicating that they do. Turkey has an amazing number of banks and bank branches, about 6,500 in all, but staff in branches outside main tourist locations may be unfamiliar with the routine for converting travellers cheques and a wait of up to 30 minutes is not unusual. *The traveller is often given a* glass of Turkish tea or a soft drink while he or she waits.

In tourist resorts, several of the more enterprising banks have opened special bureaux which are open throughout the week for 12 or more hours a day. Iktisat Bankasi's branch staff at tourist centres from the Aegean to Cappadocia, in my experience, tend to be particularly helpful.

Banks generally charge a commission of up to 2 per cent when they buy foreign currency, though this can on occasion be waived. In spite of this, local price levels are low (except in international hotels) and foreign currency seems to go a long way.

A bank or foreign exchange bureau will give you a receipt after you buy foreign exchange. It is sensible to keep this: it is likely to be demanded if you do try to sell your excess Turkish Liras when leaving the country.

Alternatives to banks: the Turkish post office operates a money order system which is widely used. Funds seem to arrive more swiftly than they do through the banks. But in general, this is a form of money transfer suitable only in *the last resort: perhaps for* someone stuck in a remote town.

The traveller is often given a glass of Turkish tea while he waits

It is also not advisable to use it through a UK post office. Girobank does have a system for transferring money abroad, but it is expensive and slow.

Acceptability of travellers' cheques: retailers used to dealing with tourists will accept these, as will hotels and banks. Smaller retailers and hotels *probably will not.*

Preferred foreign currency: the pound is little-known in Turkey compared with the US dollar (regarded as the standard international unit of exchange) and the D-mark. If you are not going to incur a loss by taking dollar travellers cheques, then it may be worthwhile doing so. Cross-rate fluctuations on the Turkish foreign exchange markets seem to be extraordinarily severe at times and you may benefit (or suffer) as a result of opting for pounds rather than dollars.

If you come from outside the UK, bear in mind that some minor Third World currencies may not be accepted anywhere in Turkey. The Central Bank sets out a table of currencies which can be legally changed into Lira.

You may find individual Turks asking to buy foreign currency from you. This habit dies hard, even though they can now get the money from the bank if they want. It is not illegal, but remember to charge them the selling rate rather than the buying rate.

Airport banking facilities: at Istanbul and Ankara, there are bank offices for changing foreign currency and travellers cheques. These do not take credit cards and there are no cash machines. Banking facilities are usually available at the smaller regional airports around the western and southern coast, but inland airports do not have them.

Credit cards: cash advances from bank branches are possible, and you can also use Visa cash machines in the large cities at branches of Yapi ve Kredi Bankasi, but these tend to be congested at peak hours. You get into the lobbies by putting any plastic card with a magnetic stripe into the door.

The use of cards is fairly widespread in tourist shops and hotels, though the retailers pay a stiff commission. So if you pay for your carpet or gold bangle in the bazaar with a credit card, you will probably not get a substantial drop in the price offer. If you intend to pay for a meal with a card, make sure that it really is acceptable. Restaurants in some seaside towns stick American Express and Visa labels on their doors for decorative effect only. Diners Club use is relatively high in older establishments in the large cities.

In general, do not expect to be able to pay by credit card for petrol or repairs to your car. If you have a breakdown, you will have to pay for it in cash – though again this will probably cost far less than in *the UK. Eurocheques are* widely used and accepted, so it may be worth getting a back-up pack of Eurocheques from your bank.

One final point: because of the high rate of inflation in Turkey, low denomination local currency notes proliferate, worth only a few pennies in some cases. Even if this annoys you and you feel tempted to destroy a banknote for some reason, don't do so in public. Turkish banknotes are protected by law: only the Central Bank has the right to destroy them. There are periodic Turkish newspaper reports of foreigners, usually American servicemen, being arrested for cutting up or burning banknotes in restaurants.

But don't let this put you off: changing currency in Turkey has its own charm. Your contacts with the Turkish banking system may be a little slow, but they are likely to generate conversations and perhaps even friendship with the staff.

Sara Webb reviews the best and worst performers over one year

Japan tops unit trust league table

JAPAN and Europe have provided the best opportunities for unit trust investors in the last year, according to the figures published this week by Finstat.

In spite of the sharp fall in the Tokyo market at the beginning of the year, the best-performing fund for the 12 months to June 1 is NM's Japanese Smaller Companies fund, with a 75.3 per cent increase. This fund was managed by Schroder until April 1 but is now managed by NM's fund management subsidiary, Meridian. Schroder's own Japan Smaller Companies fund came second over one year, with a 68.6 per cent increase.

Japanese smaller companies have performed strongly in the one-year and three-year performance tables. Andrew Rose, assistant director on Schroder's fund management team in London, says that Japanese smaller companies performed rather badly until about 18 months ago:

"Up until then, the Tokyo market was driven by liquidity and people were mainly buying blue chips, but since then less money has flowed into the stock market and investors have been looking for high-earning growth stocks."

As a result the smaller companies listed on the second section and on the OTC have performed well. The Japanese market overall had a poor first quarter, falling 13 per cent in yen terms in March *alone* (equivalent to an 18 per cent fall in sterling terms). But the first section of the market fell by 22.7 per cent in yen terms, while the second section only fell by 3.1 per cent. Fund managers report a subsequent inflow of funds, since investors regarded Tokyo's fall as a good buying opportunity.

While Japanese smaller companies provided ample scope for gains, their counterparts in the UK gave rise to the worst-performing funds over one year.

"Smaller companies as a sector has been little short of disastrous," says Simon Baker, manager of the Windsor Smaller Companies fund, which has fallen by 42 per cent in the last year.

He adds that there are few buyers for shares in smaller companies and that his fund has halved in size in the last year due to redemptions. Investments in Ifico (a commercial insurance broker), Nobel & Lund (an engineering group) and Sale Tilney (a food, technology, insurance and financial services group) did not help either, as the share price for all three companies fell dramatically.

The worst performers over one month were the money market and fixed interest funds, which lagged as confidence in equity markets was renewed. Over the longer term, Australian funds turned in the worst performance.

UNIT TRUST PERFORMANCE OVER ONE YEAR

Unit Trust	% Change	Unit Trust	% Change
Top 10 Performers		**Worst 10 Performers**	
NM Japanese Smllr Cos	75.3	Windsor Smllr Cos	-42.0
Schroder Japan Smllr Cos	68.6	AEtna Smllr Cos Gth Ac	-38.6
Lazard European Growth	47.2	MGM Special Situations Gth	-38.2
BG Europe	46.1	Brown Shipley Recovery	-37.1
Scot Widows Europe	42.6	AEtna Financial & Property	-36.7
GT Germany	42.2	Brown Shipley Smllr Cos	-35.7
AEtna European Gth	41.7	MIM Brit Smllr Cos	-35.1
Lloyds German Gth	41.6	Tyndall Capital Defender	-34.6
Royal Trust PPT Sing & Malay	41.4	Murray Smllr Cos	-34.5
Abtrust European	39.9	Hill Samuel Smllr Cos	-34.1

Offer to bid; income reinvested. Source: FINSTAT data to 31/05/90

Realising a loss on one's shares

HAVING SOLD an investment property this year I have realised a large capital gain. I also hold two or three lots of shares which have performed very badly and are standing at about a quarter of the price I paid for them. I have considered selling them and buying them back to crystallise the loss, but the difference between the bid and offer price is large (almost 1:2), so this is not very attractive.

I am therefore considering giving these shares to my wife or to my mother-in-law in order to crystallise the loss. The gift will be genuine: I would rather give the whole parcel of shares to someone close to me than lose a large proportion of the value by selling to and buying back from a third party.

Will this be successful in realising the loss:

a) if I give them to my wife?
b) if I sell them to my wife?
c) if I give them to my mother-in-law?

If the gift or sale is successful in establishing a loss, then I assume the value for tax purposes of the shares given or sold will be the price quoted in the Financial Times on the day I make the transfer. Is this correct?

If I sell a portion of the shares on the market and give or sell the remainder to my wife or mother-in-law, can I establish a lower per share value, namely that received from the market?

■ a) No. A transfer to your wife will be deemed to be for a price such that "on the disposal an unindexed gain accrues to the transferor which is equal to the indexation allowance on the disposal, and accordingly the disposal shall be one on which, after taking account of the indexation allowance, neither a gain nor a loss accrues," by virtue of section 44 of the Capital Gains Tax Act 1979. The words in quotation *marks are from* paragraph 2(3) of schedule 13 to the Finance Act 1982, as amended in 1985. A free pamphlet, CGT15 (1989) - a guide for married couples, is obtainable from your tax inspector's office.

b) No, for the reason explained above.

c) No. Your mother-in-law is a connected person, as defined in section 63 of the CGT Act 1979, and section 62(3) says that a potentially allowable loss on a disposal to a connected person "shall not be deductible except from a chargeable gain accruing to him on some other disposal of an asset to the person. . ."

The answer to both questions in your penultimate paragraph is no. Market value is defined in section 150 of the CGT Act and, in respect of shares listed in London, is on the quarter-up basis (whereas the prices in the FT are mid-market).

Tax bill on garden

I LIVE in an end-of-terrace house owned *jointly* with my wife. Planning (outline) permission has been granted for the erection of a pair of semi-detached dwellings with parking facilities in my land (garden) adjoining our cottage. The land extends to approximately half an acre.

a) I have been told that if I sell my garden, capital gains tax *is not due*. Is this correct?

b) Would CGT be due if I sell my house and garden with the planning permission?

c) The other thought is to build the pairs of semis myself, sell my house, move into one semi and sell the other. This presumably means that tax is due on one house. Could I claim building cost for both semis against tax on the one I sell?

■ a) Yes, provided that you continue to use the entire garden just as you always have, until after the sale contract has been made, and that you do not mark off the building plot from the rest of the garden in any way until *after* the sale contract has been made.

b) No; a free pamphlet for owner-occupiers (CGT4) is obtainable from your tax inspector's office. This simple reply is based upon the assumption that no part of your house is used exclusively for the purpose of your business; the comments in our reply to question a) are equally applicable to this question.

c) Professional guidance is essential before embarking on this course of action. The profit would be assessable to income tax, almost certainly. The answer to your final question is no.

Q&A

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Calculation of CGT

I UNDERSTAND that capital gains tax is charged at the highest income tax rate on your income, but I am unclear *whether you actually* add the gains to your income to find the rate chargeable. For example, if one's investment and earned income is £15,000, and one has £20,000 capital gains in the year, is it right to add this to the £15,000, putting one into the 40 per cent rate for the capital gains?

■ Yes – in the example you gave, part of the gains would be taxable at 25 per cent and the rest at 40 per cent. Section 98(3) of the Finance Act 1988 says: "If no income tax is chargeable at the higher rate in respect of the income of an individual for a year of assessment, but the amount on which he is chargeable to capital gains tax exceeds the unused part of his basic rate band, the rate of capital gains tax on the excess shall be equivalent to the higher rate of income tax for the year."

Valuation of houses

IN 1969 my husband, a building contractor, built four maisonettes at a cost of £6,000 each, which we then let to tenants. In June 1987 we sold one of the vacant maisonettes for £24,000. We then received from the estate agent a letter stating that in March 1982 the property would have been worth £21,000. Via the Inland Revenue, the district valuer was called in. She accepted that the 1982 vacant possession value would have been £21,000, but as it was not vacant then she valued it at £9,500.

We did have signed agreement with the tenant (who died in 1984) that notice of three months could be given by either landlord or tenant to terminate the tenancy, but the valuer says that this agreement would not have been valid due to the Rent Act laws that were in force at that time, so we would have been unable to achieve vacant possession.

We are very purturbed that the valuer can arrive at a figure of £9,500 for tenanted property, leaving £11,500 to equal the vacant possession, this being more than the price of the property. How does a valuer arrive at these prices, and should we appeal? There are no other maisonettes in the area to compare prices. We intend to sell the other three maisonettes when they become vacant, so are very keen to establish a correct procedure now.

■ It is right that the tenant in occupation in 1982 would have had security of tenure under the Rent Act 1977. Therefore, the district valuer is correct in seeking to apply a value of the flat as tenanted. You may be able to challenge her figure of £9,500, although it is doubtful if you could get it above £14,000. You should consult a qualified valuer as to this. The historic cost of building the property is of no significance.

How a PET matures

IN FEBRUARY 1987, when the nil slice for Inheritance Tax purposes was £71,000 for each spouse, my wife and I (each now over 70) gave to our children a total of £140,000 in cash and securities as our first and only Potentially Exempt Transfer. The current nil rate figure for IHT is £118,000, giving a total between us of £236,000: we therefore have an unused and available "nil rate balance" of £96,000, and contemplate a further gift of this amount to our children.

However, in 1987 our professional adviser (since retired) warned that it might be inadvisable to make a further PET until the February 1987 gift had survived the full seven year period of cumulation, as there was possibly a risk that the further gift would "contaminate" the first gift and that the freedom from IHT for the first gift would not, in fact, mature until a full seven years after the date of the second gift. We believe that by case, statute or concession the first gift will now be free of IHT in February *1994*, irrespective of subsequent gifts. Is this correct?

■ The position now is that each PET will mature into exemption seven years after the date of the transfer in question.

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 25%	Compounded return for taxpayers at 40%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawal (days)
CLEARING BANK*							
High interest cheque	5.00	5.10	4.08	monthly	1	under 5,000	0-7
High interest cheque	9.20	9.60	7.68	monthly	1	5,000-9,999	0
High interest cheque	9.40	9.80	7.84	monthly	1	10,000-24,999	0
High interest cheque	9.60	10.00	8.00	monthly	1	25,000-49,999	0
High interest cheque	10.20	10.70	8.56	monthly	1	50,000	0
BUILDING SOCIETY†							
Ordinary share	7.00	7.12	5.70	half-yearly	1	1-250,000	0
High interest access	9.00	9.00	7.20	yearly	1	500	0
High interest access	9.75	9.75	7.80	yearly	1	2,000	0
High interest access	10.25	10.25	8.20	yearly	1	5,000	0
High interest access	10.50	10.50	8.40	yearly	1	10,000	0
90-day	10.25	10.51	8.41	half yearly	1	500-9,999	90
90-day	11.00	11.30	9.05	half yearly	1	10,000-24,999	90
90-day	11.50	11.83	9.46	half yearly	1	25,000	90
NATIONAL SAVINGS							
Investment account	12.75	9.56	7.65	yearly	2	5-25,000	1 mth
Income bonds	13.50	10.12	8.10	monthly	2	2,000-25,000	3 mths
Capital bonds	12.00	9.00	7.20	yearly	2	100 min.	3 mths
34th issue●	7.50	7.50	7.50	not applica	3	25-1,000	8
Yearly plan	7.50	7.50	7.50	not applica	3	20-200/month	14
General extension	5.01	5.01	5.01	not applic.	3	-	8
MONEY MARKET ACCOUNT							
Schroder Wagg	10.33	10.63	8.67	monthly	1	2,500	0
Provincial Bank	11.02	11.59	9.27	monthly	1	1,000	0
UK GOVERNMENT STOCKS							
8pc Treasury 1991	13.22	11.12	9.86	half yearly	4	-	0
8pc Treasury 1992	13.11	10.99	9.73	half yearly	4	-	0
10.25pc Exchequer 1995	12.18	9.50	7.89	half yearly	4	-	0
8.5pc Treasury 1994	12.46	10.17	8.79	half yearly	4	-	0
3pc Treasury 1992	10.52	9.70	9.20	half yearly	4	-	0
Index-linked 2pc1992§§	11.84	11.32	11.01	half yearly	2/4	-	0

*Lloyds Bank. †Halifax 90-day; immediate access for balances over £5,000.● Special facility for extra £10,000 §Source:Phillips and Drew. §§Assumes 6.0 per cent inflation rate. 1 Paid after deduction of composite rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

MINDING YOUR OWN BUSINESS

First steps to profit: keeping down the costs of starting up

Would-be entrepreneurs should plan their borrowings to put new companies on the road to success, says Paul Tapscott

STARTING A business is a time of high emotion. The idea becomes dominant in your mind – often to the exclusion of advice and meaningful criticism from outside. And the old saw of "when the business starts, the cash will come in" is as often said as "the banks are leaning over backwards to lend money to small business."

If you find yourself being carried along with that tide, stop and think. For every pound you borrow you must make a profit of 20 pence each year solely to satisfy the lender. Do you really want to work that hard for your bank manager? Careful planning can probably reduce borrowings substantially.

Give it thought even if it means scaling down the size of the venture. The less your borrowings, the better your business should satisfy you. Here are some of the rules for keeping down the amount of cash capital required.

■ Can you start from home? Obviously a lot of businesses cannot. Your home is unlikely to have planning consent for a business, nor is it likely to be permitted by your deeds or tenancy agreement. However, there must be thousands of small businesses being carried on from private premises without interference.

The "musts" are that you cause no disturbance to neighbours (for example, avoid running a sewing machine or printer at 2 am), and that you do not infringe vital regulations such as fire and health laws – many small caterers operate from home, but few private dwellings can meet the health regulations applicable to commercial catering.

The advantages of starting from home, however, include the economy of overheads which that normally entails, as well as a reduction of start-up capital due to the absence of business premises to equip.

■ How are you going to trade with your customers? A vital area for initial planning is the form of contract between you and your customers – the Terms of Trade. Can it be a cash or near-cash business? If you are a dress designer making to order you may be able to get the customer to pay for the material before you make the dress. The only working capital required will then be the labour cost.

However, if you decide to make dresses for stock you obviously have to finance materials, labour and an investment until the customer not only purchases but pays.

Speed of payment varies greatly from trade to trade and for differing categories of customer. Credit is normally short for the food trades but gradually gets longer until over 90 days is common in many of the metal trades.

Customer habits vary widely. Customers who are the most credit-worthy normally take the longest to pay. The slowest payers will probably be the large public authorities and companies.

■ If you have to hold stock, turn it over as fast as possible. Some of the service trades will require next-to-no stock, but obviously retailers would find it impossible to trade without stock, as would someone carrying on a normal manufacturing process. Consider how quickly you can get stock and recover cash from its sale. If you can find suppliers who will give you credit, you may be able to shorten, or in some cases eliminate, the cash strain.

Take the case of a retail milkman whose customers will normally pay him at the end of each week, and the supplier of the milk, who only requires payment two weeks after the end of each month. The milkman's stock is thus totally financed by his creditor.

The financial planning of a venture is of almost equal importance to the marketing plan. Do not over-stretch yourself. Establish a venture within your own means or at least with minimal borrowings. You are most likely to achieve that by avoiding an expensive set-up, giving minimal credit to your customers, and turning over stock quickly.

If the business can operate profitably on that basis, it will be likely to generate cash, which in turn will finance growth and the business will remain within your means.

At the same time suppliers will be gaining confidence in your firm and you should find it easier to get credit. That credit will, in turn, provide interest free-capital to aid development. Surely that must be the right road to success especially at the current high level of interest rates.

■ *Paul Tapscott is chairman of the Haycraft Small Business Centre, Southbank House, Black Prince Road, London SE1 7SJ (tel: 071-587-0569)*

A herbal remedy for redundancy

WHEN I met John and Jill Mulshaw I soon realised that my visit was the latest in what they call their "bits of luck."

By that they mean interest, generally unsolicited, in their business of growing the feverfew herb, Chrysanthemum Parthenium, and despatching it to arthritis and migraine sufferers in more than 20 countries.

Three TV programmes and several magazine articles are largely responsible for the fact that after four years – one preparing and three trading – their total advertising outlay has been a "small space" in *The Scotsman*, Scotland's morning newspaper.

The couple run their business, Dooley Feverfew Company, from their early 18th century house at Wickham Bishops, Essex, so their overheads are low. But it has not all been plain sailing.

John Mulshaw, aged 62, was twice made redundant when he was in his fifties. The first time was in 1982 when he managed a Southend horticultural company which moved to Yorkshire. the second time was in 1985, after three years as a freelance representative selling fertilisers.

"I had a year without work and as I'd been self-employed I was not eligible for benefit," he recalls. "We were living on our fast-dwindling capital."

He kept noticing references – in his village and increasingly in the press and in radio and TV – to the properties of feverfew in easing arthritis and migraine. Gradually it occurred to him to combine his background and experience in horticulture and his selling and marketing skills, to start a mail order business.

An accountant friend, asked for advice, told him: "It sounds crazy but it won't cost you much. It's all a question of what you put in to it."

Surprisingly, his attempts to find out more about the herb – used by the Ancient Greeks – yielded few results. He was also startled to find he could not bulk buy the plants from wholesale herb merchants. So a professional plant raiser grew them for him from seed.

In April 1986, the Mulshaws dug up ⅓ of an acre in their immaculate half-acre garden, replacing lawns and vegetables with feverfew. In the first year their outlay for plants and fertilisers was £600. They started as they have continued, using no fungicides, insecticides or weedkillers.

The excitement of harvesting the first leaves was moderated by the need to discover how best to dry them. Laying them on the paths or on polythene did not work. The wind blew the leaves away, and when it rained they had to be rushed indoors. In the end the first crop was dried off in tomato boxes.

Since then, with the help of ICI Plastics Division, they have developed a polythene drying tunnel, costing them £300, that uses only solar heat and in which the leaves are protected by black netting.

For the grinding process, they use a 10hp electric hammermill, which they bought second-hand for £500.

"After various trials we had the final milled product – it was sheer magic!" says Mulshaw. The herb is funnelled into silver foil packs, complete with a logo designed by an artist friend of the family, and sold for £4.95 for a 10-gram pack, including postage. It is all supplied by mail order from their home.

They distribute 5,000 packs a year. Postage and packing costs them 25p for each pack. Those items form their biggest single overhead.

Only when their second crop was ready, in July 1987, did they start trading. That slow start provided them with a stock in reserve, ensuring they would not be caught out by orders exceeding supply. They turned over £12,000.

Since trading began they have despatched 12,000 packs, each with an accompanying explanatory letter, a re-order form and another form to pass to a fellow sufferer. Customers who send letters receive a hand-written reply.

The Mulshaws sent feverfew samples to be tested by Nottingham University's Department of Medicine. The Department replied: "We are able to analyse feverfew in terms of its anti-secretory activity and to carry out a chemical assay on the herb. In general, commercial products score poorly when these tests are applied; however, your own product does give quite reasonable results."

Dooley Feverfew has brought John and Jill Mulshaw an annual turnover of £20,000, keeping them below the value added tax threshold of £23,600.

Now they must decide whether to continue as they are, or to dig out more of the garden and increase their business to at least £50,000 turnover.

■ *Dooley Feverfew Co, Dooley House, Carters Lane, Wickham Bishops, Witham, Essex CM8 3LF. Tel: 0621-891642.*

Sally Watts

John and Jill Mulshaw: digging for profit

Smallholder with big ideas

"CROFTING IS a way of life," says Russell Pursey, implying that it is not a business. "But I'm trying to establish that it is possible to get my living from the croft. I don't know anyone who does earn a living from crofting."

Pursey, who is English, is a crofter, the type of smallholder that exists only in certain parts of northern Scotland. Crofters are tenant farmers with entrenched rights and enjoying special government subsidies who often farm on a communal basis. The image of the crofter as a shaggy, kilted Scotsman in a picturesque but primitive dwelling is out of date. Pursey, 41, lives in a modern bungalow with TV, stereo and answering machine. He worked for a London stockbroker before escaping to the Highlands.

Five years ago he and his wife, Bridie, obtained the tenancy of a croft at Elphin in Sutherland from the landowner, which involved Pursey being approved by the other crofters in the township. For six years before that he had run a flock of sheep while working for a local estate.

For a rent of about £100 a year he has 28 fenced acres of his own land (made up of three crofts) and a share of the hill behind, enough to graze 135 breeding ewes.

As a bona fide crofter he was able to obtain a Scottish Office grant of £8,700 and a 40-year £13,500 loan at 7 per cent to build a house on the property, though if he moved he would have to sell the house to his crofting successor. He built most of the house himself.

Sheep farming falls lamentably short of providing a living for a crofter and like many other crofters Pursey also has a part-time job. He is now trying to make the croft into a commercial enterprise by raising rare breeds of livestock and bringing in tourists to see them.

The sheep occupy the Purseys' time only intermittently, at such times as lambing in April-May, dipping, and gathering lambs to sell for fattening in August. The crofters all help to gather the sheep in a joint effort. The rest of the time the sheep roam the hills to which they have been "hefted" – established on their own territory from which they do not move far.

But each ewe in this part of Scotland usually only produces one lamb, which may fetch about £30. Allowing for the small percentage of twins and some failures that means an annual income of about £3,000. The Government also provides the hill livestock compensatory allowance of about £8 per lamb and there is the EC's annual sheep premium of about £7, amounting to about another £1,500, which covers indoor feed and veterinary bills.

The only way of getting a big increase in sheep revenue would be to have more sheep ("it takes no longer to gather 400 sheep than it does 100," says Pursey). But numbers are restricted by the grazing available: to increase the flock would mean renting more crofts, and as such properties are heavily in demand this would be difficult.

So for two and a half hours each morning and again each evening he drives the local school bus, picking up children from Lochinver and taking them to Ullapool. His wife also has a contract to drive children to the local primary school.

Last month Pursey opened his Highland and Rare Breeds Farm, displaying rare breeds of sheep and other animals and letting children see a working farm and its livestock. The Purseys have been collecting rare breeds such as the delicate Soay sheep. Visitors can also watch ducks, chickens, rabbits, goats, geese and other beasts being fed. Pursey expects up to 7,000 visitors this year, which could bring in £10,000 in revenue, with adults paying £1.50 and children 75p per head. He is aiming for 10,000 next year.

As they become established raising rare breeds the Purseys hope to sell specimens to collectors. "Many of the old 'good life' people who dropped out in the 1970s have gone back to their careers and made some money. Now they are returning to the countryside and want to have these animals around," says Pursey. They can fetch premium prices.

He has taken on extra land, and the fenced croft now amounts to 53 acres. Two volunteer helpers work in return for lodging and friendship. Buildings and improvements worth about £7,500 for the rare breeds centre have been put in, of which 35 per cent is being met by a grant from the Highlands and Island Development Board, though Pursey and his team did most of the work.

"Once we get going as a rare breed farm we'll make a lot more money than we do out of our ewes," Pursey says. Though farming itself produces little disposable income the Purseys have saved enough to finance the rare breeds without anything other than bridging finance from the Bank of Scotland.

■ *Highland and Rare Breeds Farm, Elphin, Sutherland. Tel: 085486-204.*

James Buxton

"Perhaps it is only in childhood," writes Graham Greene, "that books have any deep influence on our lives."

Enchanters of the golden age

***Anthony Curtis** on the authors who hold sway over our lives*

THE MORE books I read the more I am inclined to agree, though I should wish to extend "childhood" to mean in this context the period up to and including one's 25th birthday.

By then the pattern is set and nothing mediated through the pages of a book is likely to alter it. Greene continues: "Of course I should be interested to hear that a new novel by E.M. Forster was going to appear this spring, but I could never compare that mild expectation of civilised pleasure with the missed heart-beat, the appalled glee I felt when I found on the library shelf a novel by Rider Haggard, Percy Westerman, Captain Bereton or Stanley Weyman which I had not read before."

Fashions in favourite writers change. Of Greene's list only Haggard perhaps has survived. You might have to look for *King Solomon's Mines*, and *She* on the adult shelves of your public library now, but they will certainly be available, most likely dog-eared with constant use. Rider Haggard is still re-printed in paperback; so are the best of Buchan, Dornford Yates and "Sapper" – Richard Usborne's "Clubland Heroes," all of them still doing good business in spite of the wog-bashing and other attitudes offensive to our multi-racial society. A good yarn is a good yarn is a good yarn.

Whatever the vagaries of social attitudes which may cause a one-time favourite to go into decline, there are some authors who hold a permanent sway over the childhood field. Let me try to make a list: Carroll (though the real joys of *Alice* come later in life), Stevenson, Beatrix Potter, Barrie, A.A Milne, Kenneth Grahame, Arthur Ransome, C.S Lewis, Tolkien, and, I suppose, Kipling – though isn't he read nowadays more by adults than by children? Richard Adams's *Watership Down* would need to be included, and so would the William books by Richmal Crompton, to judge from the success of the current revival. And the Jennings stories.

Everyone will wish to add or subtract his own favourites from that list. Now that we know so much through biographies about the lives of these great enchanters, Ann Thwaite's life of A A Milne is the most recent, is there some common denominator? Can one point to one trait or fact of biography that made them produce work of such lasting power over our lives? What is it that makes them so accessible to children and the clear-eyed world of the child?

Carroll adored little girls, and was only sad that they grow bigger every day. He saw childhood – or rather girlhood – as a series of questions and answers. He correspondingly disliked small boys and positively loathed big boys. Carroll's letters to little girls contain some of his most delightful writing for children.

It is a curious fact that many of the great children's authors were either, like Carroll, childless or had difficult relations with their own children, or more often step-children. Barrie, for example, was childless and grew up in the shadow of an elder brother who died, and who to Barrie's chagrin had been idolised by their mother.

He compensated – see Andrew Birkin's *Barrie & The Lost Boys* – by taking over, body and soul, the children of others. These were the Llewelyn Davies boys, whom he met in Kensington Gardens, five of them altogether, for whom he became the surrogate father after the death of their real father and mother.

R.L. Stevenson captivated both children and adults by creating a world where closely observed reality is shot through with adventure and fantasy. He had no children of his own but he did acquire a stepson, Lloyd Osbourne, with whom he got on extremely well, taking him on his journey to Samoa and collaborating with him on literary projects.

C.S. Lewis had, like Yonge, a moral purpose in his stories for children, and acquired stepsons late in life whom he brought up devotedly after the death of their mother (see *Lenten Lands: My Childhood with Joy Davidman and C.S Lewis* by Douglas Gresham). But he had written his Narnia stories before they came into his life. According to A.N Wilson in his recent biography, Lewis retreated to Narnia and the world of his own childhood, after his study of *Miracles* had been savaged by Oxford philosophers. His charming *Letters to Children*, some of them about Narnia, were published in 1985.

Beatrix Potter, a countrywoman and an authority on fungi, was childless, and so was Richmal Crompton, a schoolmistress disabled by polio; but neither were uninterested in children; Richmal had a favourite nephew on whom the character of William, his speech and pranks, was based. Beatrix Potter's letters to children, printed in the selection edited by Judy Taylor and published last year, show her gift for communicating wittily and unpatronisingly with the very young. Her early books, including *Peter Rabbit* and *The Tailor of Gloucester*, were based on letters she wrote to the children of her former governess.

Arthur Ransome was childless by both his wives. The second, Evgenia, an assistant to Trotsky, he met as a journalist in Russia. Ransome gained his love of boats and fishing from his father, a university professor at Leeds, and he derived his understanding of large lakeland-loving families, who messed about in boats, primarily from the Altounanyans (see Hugh Brogan's biography of Ransome). There were five Altounanyans; the father Ernest was half-Armenian and the mother, Dora, was the daughter of W.G. Collingwood. Her brother Robin C. was the Oxford philosopher, a boyhood friend of Ransome's. The Altounanyans occupied the same place in his life and works as the Llewelyn Davies family in Barrie's.

Now let us look at some spell-binders who were themselves parents. Kipling, who had a wretched childhood himself and whose only son was killed in the Great War, seems to have been a delight to his nephews and nieces, to judge from accounts by the Burne-Joneses of Uncle Ruddy's earliest readings of the *Just-So Stories*. Kipling's letters to his children, printed first in 1983 in *O Beloved Kids*, reveal a proper parental concern.

Kenneth Grahame's childhood began happily enough in the Highlands of Scotland but after the death of his mother, his father – an alcoholic – sent his brood of children south to be brought up at Cookham by Grandma (see Peter Green's *Beyond the Wild Wood*). Kenneth Grahame was a clever boy who should have gone to Oxford but instead became a clerk at the Bank of England. He managed to write in the leisure time that seems to have been copious for clerks at the Bank in those days.

Graham married Elspeth Thomson when they were both in early middle age. By this time he had risen up the hierarchy in the Bank to the top as Secretary. They had one son Alastair ("Mouse") to whom he told bed-time stories about animals who lived on the river bank. Mouse did go up to Oxford but while he was there he died on a railway line.

On retirement from the Bank, Grahame returned to Cookham Dean which was for him, as Coniston and Derwentwater were for Ransome and Beatrix Potter, a kind of paradise on earth: a paradise regained through the writing of stories which proved to have a great appeal to children.

When *The Wind in the Willows* appeared in 1908 Ransome reviewed it in *The Bookman*, and he didn't care for it. "The poems in the book are the only things really written for the nursery, and the poems are very bad. If we judge the book by its aim, it is a failure, like a speech to the Hottentots made in Chinese. And yet, for the Chinese, if by any accident there should happen to be one or two of them among the audience, the speech might be quite a success."

There were quite a few "Chinese" in the audience, as it happened, and it was a great success, and a further success on stage when, in 1929, A.A Milne made a play out of it, *Toad of Toad Hall*, revived annually until fairly recently.

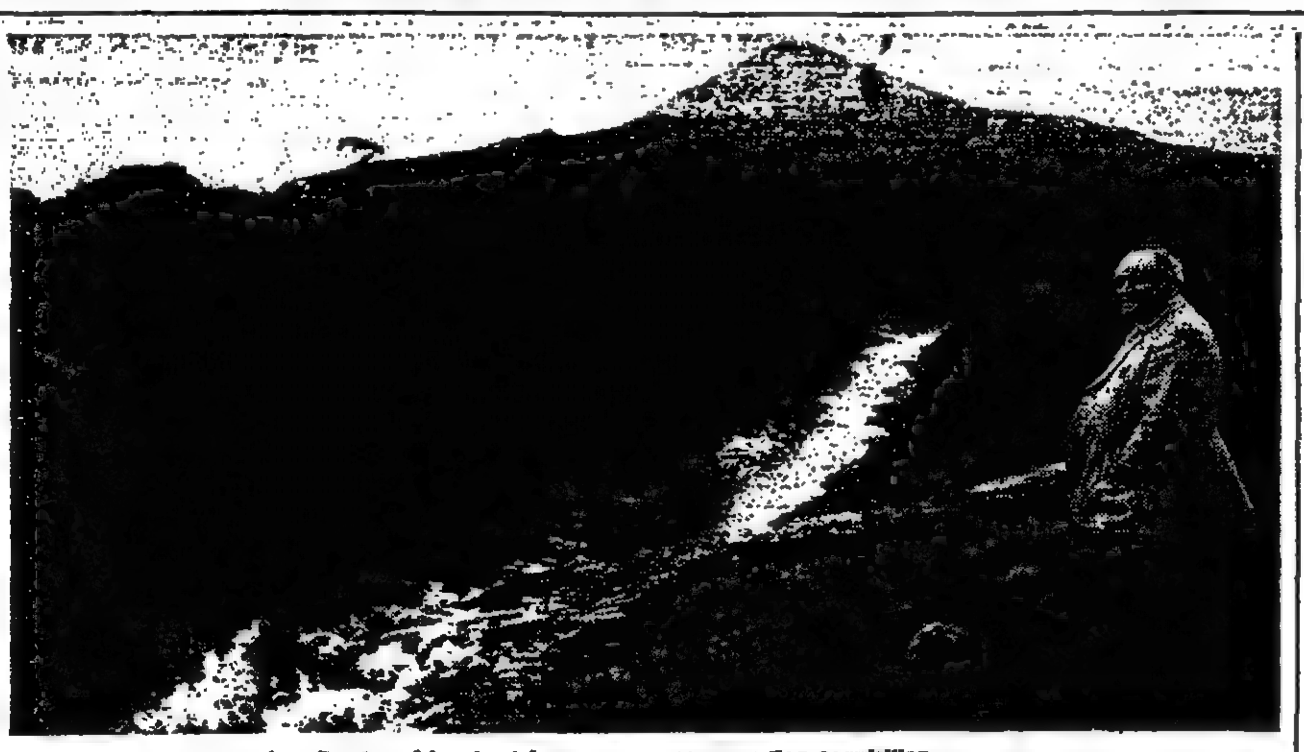
Milne had just the one son, Christopher Robin, whom he immortalised in his work. What it felt like actually to be Christopher Robin has been set down unforgettably in *The Enchanted Places* by Christopher Milne. The genesis of the Pooh legend in Ashdown Forest, the interminable games of clock golf in the garden at home, his formidable mama, and his father's mounting disquiet at what he had unleashed, are all recorded with unbitter, ironic detachment.

It is only of Milne among these writers of whom it could perhaps be said that he did not really like children. Ann Thwaite disputes this, however. She makes a case for Milne as a professional playwright, who one day composed in verse a fantasy concocted for the family circle, and then exploited commercially.

It is similar to the case of Richard Adams who, while he was a civil servant, used to tell his daughters stories about rabbits to stop them feeling sick on car-journeys, stories which he then put down on paper and had published. But although on the surface about rabbits, they contained the stuff of his wartime service with the paratroops. Here patriotism does return in the form of fable.

Tolkien had four children of his own and was by all accounts another excellent parent with a charming gift for penning illustrations in Christmas and birthday letters. But Tolkien would, surely, have strongly denied there was anything especially child-like about the worlds he invented, those of Middle Earth.

Most of these writers are what used to be called middle-class; many, like Tolkien, had strong Oxbridge links, and a surprising number were good illustrators as well as writers. The worlds they created had a physical, tangible presence from which once entered it is difficult to tear oneself away. Their power seems likely to continue for many years to come, and over children who have not yet been born.



Dick Bilborough, managing director of Landmatch, surveys a new sporting acquisition

Scotland – up for sale

*The Highlands' vast sporting estates are increasingly being broken up and sold for investment. **James Buxton** reports*

IT MAY seem extravagant, but there was a moment when I had memories of the plains of Serengeti when visiting an estate in the Scottish Highlands last week.

We had been admitted through the locked gate at the boundary of the estate and were following the road up the wide strath (river valley) between the rocky hills. Suddenly, a few hundred yards away, we spotted a great herd of stags, ambling across the flat green grassland or wading through the pools of the meandering river.

Usually when I've seen stags at the valley floor they are in little groups, scurrying anxiously along. Here there were as many as 70, ruminating placidly, like the vaster herds of wildebeest one sees in East Africa.

We were at Braulen, (pronounced Brawlen), 30,000 acres of deer forest and moor midway between the east and west coasts of northern Scotland, a wilderness of hill, glen, loch and river stretching up to the 3,700 ft peak of Sgurr na Lapaich, still with patches of snow in late May. The views are lovely without being breathtaking. There is a Victorian shooting lodge and three cottages and, apart from the surprisingly smart cars left by a few walkers, it was desolate.

In the cool rooms of the empty lodge, which sleeps 26 and has a full-size snooker table, the visitors' book told a story of happy August house parties of members of the laird's family, their friends and children. But in the eyes of an FT man, it also suggested serious under-utilisation of a productive asset. In the past three years the lodge has apparently only been occupied for 36 days: in 1987 people stayed there for only seven days.

All that may now change. Earlier this year Braulen was sold by its owner, the Hon Simon Lovat, son of Lord Lovat, the head of the Fraser clan, as part of a large property deal worth about £15m. The new owner is Landmatch, an English company registered in Luxembourg which buys "strategic property with leisure potential" on behalf of its institutional investors.

In the late 19th century the Fraser family still commanded 175,000 acres from its seat, Beaufort Castle, 10 miles from Inverness. Taking advantage of the doubling in the last couple of years in the value of sporting estates in Scotland, Simon Fraser, who lives much of the time in London, sold both Braulen and the non-tidal part of the river Beauly as a single lot, although they do not adjoin each other. The sale has caused sadness in the area, not least within the Fraser family.

Dick Bilborough, managing director of Landmatch, bought the property with the aim of obtaining the Beauly fishings and will be putting Braulen back on the market, asking £4m. Whoever buys it, there will almost certainly be a change from the gentle management applied when an estate is managed mainly for the enjoyment of a family and its friends. In future they are likely to be run in a way that more closely reflects their enormous capital value.

The Beauly, in places broad and deep and running in big bends through woodland and pasture, is one of the leading salmon rivers in Scotland; its fishing was not destroyed by the hydro-electric power stations which interrupt it and its tributaries, such as the river Farrar, which runs through Braulen.

But it has not been fished heavily: only 800 fish were taken from it last year. Bilborough, a keen angler who lives in Norfolk and appears somewhat humbled by the scale of his acquisition, points out that 7,000 fish pass through the counters on the salmon ladders at the dams, and that catches on the nearby river Conon have more than doubled in recent years since it came under more intensive management.

It is also a fact that the more fish are caught in a river the greater its capital value. The River Beauly Fishing Company, formed by Landmatch, has already raised the number of rods permitted on each of the three bottom beats of the Beauly from four to five. Like so many new fishing proprietors in Scotland it has divided this stretch of the river into 510 rod-weeks over the 34-week season. It has already sold 70 of these units; each "share" confers the right to fish one beat in perpetuity in a particular week.

"I don't like the word timeshare," says Bilborough, "and if it is timeshare it's a pretty upmarket kind . . ." Each unit has sold for between £45,000 and £65,000, raising £3m, and a further 20 are to be sold. The company offered shares to the anglers who had previously rented the fishing but none applied. Landmatch will keep the remaining shares for now and hope they increase in value, and it still has the less productive upper beats.

Landmatch has commissioned a study from a salmon expert at Edinburgh University of ways of improving the Beauly's potential – for example the building of cruives (pronounced croys), piers of stones jutting into the river which create more pools for salmon in the flat stretches.

The Beauly used to be one of the few salmon rivers in Scotland under single ownership. Timeshare means more people get a chance to fish a river and more money may be available to develop it, but if it is to work well there must be a a good legal framework and some way of enforcing discipline among the owners. With the prices they have paid, disappointment is always a danger.

Braulen is a different proposition. A deer forest is a place for red deer to roam and graze, unhindered by fences and with rival creatures such as sheep kept out. Stag shooting begins in late July or early August when the stags have shed the skin or "velvet" covering of their new antlers. Parties consisting of the stalker and one or two "rifles" – guests armed with a weapon – go up to the hilltops, where the stags retreat in summer, to stalk and kill their quarry.

The problem at Braulen is that there are too many deer. The infertile slopes look over-grazed and the woods of Scots pine are rather scrawny because the deer eat any young tree that comes up. After stag shooting ends on October 20 the stalker and the sportsmen are supposed to turn their attention to the less prized hinds but as on many other Highland estates today not enough hinds are being shot.

The Red Deer Commission, which tries to control the deer population, is recommending that 300 hinds are shot on Braulen this autumn: for much of the 1980s fewer than 100 have been culled each year. The result is too much competition for grazing and in winter pathetically thin deer die of starvation. A reduction in the hind population would produce stronger specimens and better sport, and still enable more stags to be shot.

It would not be practicable for Landmatch to sell Braulen as a timeshare. Instead it is offering what is one of Scotland's larger deer forests in single ownership, though it would not be surprised if it was purchased by a consortium.

One is not expected to make money out of running a deer forest, or get a return that bears much relation to its capital value. But apart from the deer, the little-fished river Farrar could be fished for the salmon which come up in the summer, and there are trout in the lochs. It might also be possible to do a little grouse shooting.

Colin Strang Steel, of the estate agents Knight Frank and Rutley in Edinburgh, which is putting Braulen on the market next week, says that many of the more recent Scottish estate owners, powered by money made in the south, tend to hang on, "regarding the properties as part of their investment portfolio."

That is not quite the way one thinks of an area of benign desolation.

Bibliophilia

Bookworm month

*A browser's dream: **William St Clair** expects to find bargains and treasures in London's book fairs*

EVERY JUNE the antiquarian book trade puts on its best display in London. At a series of fairs held in hotels in Bloomsbury and the West End you can see and buy second hand and antiquarian books at prices ranging from £1 to £85,000.

Most of the business is within the trade – the dealers are predominantly British but at the expensive fairs there is also a sprinkling from abroad.

A book typically passes through the hands of several dealers before reaching a collector's shelves. But members of the public are welcome and you can sometimes intercept something special before it reaches the final point of sale.

The titles of the fairs give you little idea of what to expect. The biggest and most varied is the PBFA (Provincial Booksellers' Fairs Association) held in the Hotel Russell in Russell Square WC2. It offers a complete change of exhibitors and of books after the first two days. To encourage impulse buying, visitors from abroad can have their purchases weighed and dispatched overseas direct from the hotel.

A new feature this year is a books roadshow where members of the public can take their family's putative treasures for advice and valuation. The advisers will mainly be members of the trade working in relays, and you should receive a range of opinion. It is a strict condition that the advisers will not offer to buy anything on the spot, but fortified with their advice you may be able to find a buyer elsewhere during the week.

The so-called National Book Fair, which takes its name from its location, the Royal National Hotel in Bedford Way, north of Russell Square, is much smaller. Like the Bonnington, in the hotel of that name in Southampton Row to the south of the Square, it includes part-time dealers. Both fairs tend towards the cheaper end of the book market, second hand rather than antiquarian, but there are occasional bargains.

The really expensive books are to be found at the Antiquarian Booksellers Association Fair in the Park Lane Hotel which, it has to be constantly explained to doubting visitors, is not in Park Lane at all, but in Piccadilly.

The opening speech this year is being delivered by David Bellamy, the naturalist, at noon on June 19. He has doubts about collecting books, he writes guiltily in the catalogue, because they are made from trees, but then trees are – with care – a renewable resource. And books remain the chief medium for passing the wisdom of one generation into the future. He ends by thanking the trade for conserving the books for which the trees have given their lives.

In the intervals of browsing at the ABA you may like to see the exhibition of illustrations by William Heath Robinson which will shortly go on permanent display in London. Heath Robinson was unlucky in entering the book business at a time when hand drawn illustrations were rapidly giving way to photography. But when the First World War temporarily killed off the tradition of expensively illustrated gift books, he found a new career as a humorist.

In 1934 he produced a half scale model of his ideal home, and shortly afterwards wrote "How to live in a flat". It is a delight to be able to see some of his earlier more serious work as well as the cartoons.

The converted egg whisk: An exhibition of William Heath Robinson drawings will be held at the ABA fair in Piccadilly

BOOK FAIRS

PBFA	Hotel Russell	Fri 15	14.00-19.00	Free
		Sat 16	10.30-19.00	Free
		Sun 17	14.00-19.00	Free
		Mon 18	10.30-19.00	Free
National	Royal National Hotel	Sun 17	10.30-17.00	Free
		Mon 18	10.30-17.00	Free
Bonnington	Bonnington Hotel	Mon 18	09.30-19.00	Free
		Tue 19	10.30-17.00	Free
AIBF	Cafe Royal	Mon 18	10.00-20.00	£5
		Tue 19	10.00-20.00	£1
		Wed 20	10.00-20.00	£1
ABA	Park Lane Hotel	Tue 19	11.00-20.00	£5
		Wed 20	11.00-20.00	£5
		Thu 21	11.00-18.00	£5
PBFA☆	Hotel Russell	Sat 16	11.00-15.00	Free
		Mon 18	11.00-15.00	Free

☆ Antiquarian Book Roadshow

FOOD & WINE

The taste of Italy comes of age

Nicholas Lander enjoys the wave of high-class Italian restaurants in London

UNTIL THE mid 1980s we British looked to Italy for what we traditionally wanted, rather than for what Italy had to offer. We were happy to buy even small castles in Chianti-shire, but oblivious to the far more easily transportable charms of sun-dried tomatoes, balsamic vinegar and mozzarella made from buffalo milk.

Nor were we offered many of these products in the Italian restaurants in England. The historical explanation for the poor standard of these restaurants until recently is that those who emigrated to England from Italy after 1945 came from the south, where the cooking is poorer and less interesting, rather than from the more gastronomically-minded north.

America benefited from this neglect and for a long time the best Italian restaurants outside Italy could be found not in Europe but in New York or Chicago. The Italians concentrated heavily on the US market and the Italian Trade Centres in New York and London highlight the difference. In New York it is a bustling showcase for Italy's wine and foods, in London, despite a wonderful location on Piccadilly, it is absurdly under-used. We even ignored most Italian wines until a few years ago, and it took an American and a Canadian to team up at Winecellars in Wandsworth (081-871-2668)to be among the UK's pioneers of Italian wine.

But now, at last, we are seeing a new generation of modish Italian restaurants in the UK and the concept of Italian cooking is blossoming, possibly even at the expense of French. The Italian emphasis on olive oil rather than butter, the grilling of meat and fish, and the importance attached to vegetables and salads have converted not only health-conscious diners but also many chefs in restaurants that are strictly not Italian. The Italian evocation of traditional peasant dishes has also been a useful marketing tool, and selling these "peasant dishes" at West End prices has proved a useful source of profit – ribollita, a thick vegetable soup at £4 or osso bucco (veal knuckle) with grilled polenta (cornmeal porridge) at £10 or more will keep the accountants happy.

Nor have chefs had too much difficulty in finding the right ingredients. Because there have been so many Italian restaurants in the UK, even if of poor quality, many of the companies supplying restaurants with their dry goods – oils, vinegars, pulses etc – have been Italian too. Once the demand grew for the best that Italy has to offer these companies were there to supply them. And new ones have sprung up quickly, such as Polenghi for the very best Italian cheeses.

There were also certain individuals who, having preached the gospel of Italian food for the past 20 years, were finally noticed. The most significant have been Antonio Carluccio at the Neal Street Restaurant in London (071-836-8368) and Franco Taruschio at the Walnut Tree (0873-2797) in Abergavenny, South Wales who, not content with running their own restaurants, have also been supplying other chefs all over the UK with wild mushrooms and every kind of truffle. A more recent example has been set by Ruth Rogers and Rose Gray at the River Cafe in Hammersmith.

There have, of course, been isolated examples of good Italian cooking. When Orso (071-240-5269) opened in London's Covent Garden in October 1985 it was not only the food and the very efficient service which attracted its followers. Just as important, its cool subterranean room and wonderfully evocative crockery gave off the air of Italy itself.

Design too played a significant part in two other restaurants and to a large extent was used to justify their prices. At Santini (071-730-4094) prices are high but the inhabitants of London SW3 did not seem to mind; at its sister restaurant, L'Incontro (071-730 6327), prices are even higher – you wonder for a moment if they are not priced in lire – but the cooking can be first rate, particularly their sea bass with balsamic vinegar.

The River Cafe (071-381 8824) promised even more when it opened in Hammersmith, west London, in 1989. It looks good – it has to, situated in the studio of the architect, Richard Rogers, for which it began life as the staff canteen – with stunning views over the Thames. Its two chefs and co-proprietors, Ruth Rogers and Rose Gray, offer a short and very interesting menu which changes daily. They brought together a semi-professional approach to choosing and cooking only the best raw ingredients with a truly "amateur" love of food. However, this approach has led to the odd erratic performance from the kitchen – which can be particularly disappointing now that, after some fairly sharp price increases, dinner can cost £40 per head with wine.

The River Cafe has won enormous critical acclaim but the most flattering compliment to its arrival must be the ease with which it is now possible to recommend four other good Italian restaurants around London which have opened in the last nine months: Cibo, Tiramisu, The Billboard Cafe and Florians.

The proprietors of all these have done a number of things well since they opened, and all seem to be busy, particularly at dinner – a measure of just how pent-up the demand for more authentic Italian food is in the UK. However, this is the beginning of an overall improvement in Italian restaurants and not everything is yet done to the same high standard.

Of the four restaurants, the cooking is the most accomplished at Tiramisu, where I enjoyed a particularly good escalope of salmon with balsamic vinegar and spring onions. But the decor (although renovated, it was until recently a curry house), the presentation of the menu and the wine list do their utmost to detract from the chef's obvious abilities.

Conversely, at Cibo, where the interior is designed as only the Italians know how and the wine list is fascinating, the cooking can be poor. My gnocchi were unappetisingly heavy, the squid which followed had not been properly prepared and there were obvious signs of discord between the kitchen and the front of house.

The most un-Italian aspects of the Billboard Cafe are in fact its view over Kilburn High Road to an enormous Irish pub, and its international staff – one was Scottish, the other just back from Australia. But the food and wine are authentic, extremely good pasta and antipasti – a dish of raw salmon marinated in olive oil served on olive oil bread was excellent – as well as the desserts. They have also imported the Italian tradition of welcoming children warmly. It is useful for Saturday lunch, and the manager showed no qualms in kicking down the door when my little boy locked himself in the toilet.

The same charm and welcome comes through at the artfully decorated Florians, but this time from two Italian managers. On the last occasion I was strongly advised against the wine I had chosen and pointed towards a bottle considerably cheaper, with the manager adding that the purchase of the expensive wine was something he now regretted. Their more peasant dishes are well prepared and very filling – Italian sausages with a bean stew, a sauté of lamb shanks and pigeon served with fresh peas.

These four restaurants, led by the example of the River Cafe, have added a much-needed flavour of Italy to London's restaurants, and at reasonable prices – dinner is about £25 per head with wine in any of the four. A year ago it would have been impossible to write enthusiastically about so many new Italian restaurants – in 18 months there may well be even more to talk about.

■ **Billboard Cafe, 222 Kilburn High Road, London NW6, 071-328-1374.**

■ **Cibo,3,Russell Gardens, London W14. 071-371-2085.**

■ **Florians, 4, Topsfield Parade, London N8, 081-348-8348.**

■ **Tiramisu, 327, West End Lane, London NW6. 071-485-3327.**

■ *A memorial service for Jane Grigson, the food writer, will be held at noon on Thursday June 28 at St. Margaret's Church, Westminster, London SW1. Widow of the poet Geoffrey Grigson, this extraordinary woman and wonderful writer died in March this year, aged 62. She combined a love of food with a love of many of the other simple pleasures of life – flowers, poetry, her friends and their company – and was happy to share her extensive knowledge with anyone fortunate enough to be in her company or to read her writings.*

Cookery

Old classics are hard to beat

WHEN I was a child I was allowed to choose my birthday menu, my parents having discovered early that greed was one of my strongest characteristics. The big day fell in midsummer, and during my boarding school years took the form of a Sunday picnic lunch. We went to the Guards' Boat Club near Maidenhead. My father would punt us downriver in search of a private spot. My mother unpacked the luscious spread and we all tucked in quickly before a flotilla of dirty-necked and starving swans tried to get in on the act.

Each year I chose the same foods: roast chicken and strawberries. Not wildly imaginative maybe, but when the ingredients are the best and the cooking is impeccable such classics are hard to beat. A flavoursome free-range bird, grown at its natural rate, hung before evisceration and simply roasted, is a great treat. So are good strawberries. I am a sucker for the old heart-shaped varieties, juicy but firm when ripe, with their light, bright colour and wonderful strawberry scent. The square shouldered, brutish red varieties so often seen now, and those freakish Californian berries weighing in at two or three ounces, do not have the same charm.

SPINACH & SALMON TERRINE

(serves 6-8)

Like chicken and strawberries, salmon is a British classic for summer eating. Here the fish is partnered with spinach to make a light, prettily-striped terrine. Although elegant enough to serve at the start of a special dinner, it is a straightforward recipe.

A tail piece of salmon weighing about 1 lb, or a slightly smaller middle cut of salmon (enough to yield 10 oz or so of filleted flesh); ½ lb spinach, weighed after discarding tough stems; scant ½ lb whiting fillets; 6 oz fromage frais; 1 egg; nutmeg and fresh tarragon.

Wash and steam the spinach and set aside to cool. Meanwhile, line the base and short ends of a small (1 lb size) bread tin with a long strip of lightly oiled bakewell paper. Also heat the oven to 350 F (180 C) gas mark 4, and prepare the fish. Skin and bone the salmon and cut the flesh into long narrow strips. Take the skin off the whiting and check for bones.

When the spinach is cold take it in your hands and squeeze the water from it. Get it as dry as you can, then process it until finely chopped. Add the fromage frais to the food processor, also the egg, the roughly chopped whiting, a generous seasoning of salt and pepper and some freshly grated nutmeg. Process until the ingredients are well mixed and are reduced to a very smooth, thick puree.

Spoon half the spinach and whiting puree into the prepared tin. Lay half the strips of salmon over it. Scatter with tarragon leaves. Add the rest of the salmon and cover with the remaining puree. Cover the tin with lightly oiled bakewell paper then with a double thickness of foil. Cook in a bain-marie in the preheated oven for one hour.

Cool the terrine in the tin for about six hours before unmoulding, and cut into thin slices for serving. Slicing is easiest to do neatly if the terrine is chilled, the knife is very sharp and is dipped in boiling water just before using.

ROAST CHICKEN WITH LEMON

(serves 4)

This beautiful variation on buttery roast chicken is delectable hot or cold. It comes from *The Second Classic Italian Cookbook*, by Marcella Hazan, one of my favourite cookbooks, out of print for several years but happily reissued now by Papermac at £8.99.

This recipe is for four people but to serve eight I prepare two smallish free-range chickens as described, sit them side by side in a large roasting pan and cook them for slightly longer than Marcella Hazan suggests for one bird.

1 young chicken weighing about 2½ lb; 2 lemons.

Heat the oven to 350 F (180 C) gas mark 4. Wash the chicken, remove all the bits of fat hanging loose, and dry it well. Rub the bird inside and out with a liberal amount of salt and freshly ground pepper, using your fingertips.

Rinse and dry the lemons. Soften them up gently, pressing them between your two palms, and rolling them back and forth a few times. Perforate each lemon in at least 20 places with a trussing needle or toothpick.

Place both lemons in the chicken's cavity. Close up the opening with toothpicks or trussing needle and string. Run a string from one leg to the other, tying it at both knuckle ends. Do not pull the legs tightly together; leave them in their natural position. The chicken swells while it cooks and the string is only to keep the thighs from spreading and stretching and splitting the skin at the inner folds.

Put the chicken into a roasting tin, breast downwards. Do not add cooking fat: this bird is self-basting. Put it in the upper part of the preheated oven.

After 15 minutes, turn the chicken, with breast facing up. Be careful not to break the skin. If it is kept intact the chicken will swell like a balloon, which leads to a beguiling presentation at table. Should it deflate, however, it does not affect the flavour.

Cook for another 20 minutes. Then raise the heat to 400 F (200 C) gas mark 6 and cook for an additional 15 minutes. There is no need to turn the chicken again.

SUMMER FRUIT TART

(serves 8)

A creamy strawberry tart makes an enticing alternative to strawberries and cream. It is a fine way to share 1 lb strawberries between twice as many people as the fruits would feed if served plain and simple. Just three things to remember: the pastry case should be made ahead; the filling ingredients can also be prepared ahead; but delay assembling the tart until close to serving time.

For the orange and almond pastry: 7 oz plain flour; 1 oz each ground almonds and icing sugar; the finely grated zest of an orange and a little orange juice; 4 oz butter; 1 egg.

For the filling: ½ lb curd cheese (sometimes sold as medium fat soft cheese); 1½ oz butter, at room temperature; 1½ oz caster sugar; ½ teaspoon orange blossom water; 1 lb small, firm strawberries; 2 or 3 apricots or peaches; about 3 oz each black and white grapes; a few spoonfuls of redcurrant jelly.

Whizz the flour, ground almonds and icing sugar in a food processor to mix them. Add the orange zest and diced butter and whizz again, then bind with the yolk of the egg mixed with 1 to 1½ tablespoons orange juice. Chill for 30 minutes.

Line a shallow 10 in fluted flan tin with the pastry. Chill again then blind-bake at 190-200 C (375-400 F) gas mark 5-6 for about 20 minutes until the pastry is biscuity crisp. Brush the inside with egg white and bake for a few minutes more to seal the pastry, then cool completely.

Cream the butter and sugar with a fork until soft and well blended. Gradually beat in the cheese and the orange blossom water. Hull the strawberries and halve them. Stone and slice the apricots or peaches. Halve the grapes and seed them.

When ready to assemble the tart, barely melt the redcurrant jelly. Spread the base of the tart with the aromatic soft cheese. Scatter on enough fruits to hide the snowy mixture completely. Let the fruits lie where they fall and press them down lightly to seat them in the cheese. Pile the rest of the fruits on top, brush with the warm redcurrant glaze and leave for few minutes to set.

Philippa Davenport

What price the '89 clarets?

THE 1989 clarets have caused more "opening offer" excitement than any since the 1982s were launched in 1983. Last year's crop, a record, was nearly 40 per cent larger than the 1982, although in the higher ranks not necessarily bigger than the moderate-sized 1988, as the pruning and selection was often more severe. Whether 1989 becomes the "vintage of the century" must await not only the next 10 years, but also its own development over an extended period. But it is certainly not to be neglected by any claret collector.

There is no guarantee that they will cost less later, but never again are they likely to be available here in such profusion. It is not likely to be a vintage for profitable investment for even compared with the 88s, prices are much higher – in part due to a substantially lower pound. A typical opening offer price for the first-growth 88s was £330 a case and now, as the table shows, they run to about £500. Other comparisons include Palmer: £182 and £250; Léoville-Barton: £95 and £130. Lower level wines show similar percentage increases, although, obviously, the outlay is much less: La Begource-zede: £70 and £90; Chasse Spleen: £78 and £110. (This also demonstrates the good value still of the seemingly classic 88s.)

The table shows the opening prices of 50 internationally-known châteaux as offered by 10 merchants experienced in this trade. The wines chosen are obtainable from several sources and their level of prices is likely to be of general interest.

While most prices are ex-cellars Bordeaux with duty and VAT charges of up to £10 a case, Corney and Barrow and the Wine Society include delivery. Avery's prices are in-bond Bristol; Hungerford claims to match any offer lower than their own, but this must depend on availability of stock.

Gaps in the table either mean that the particular wine was not bought or was sold out. Price differences are therefore less important than stock availability; these days our merchants have far less of the commanding position they once had in Bordeaux.

Adnams of Southwold, Averys of Bristol**, Bibendum NW1, Corney and Barrow EC2*, Philip Eyres of Amersham, Haynes Hanson and Clark SW6, Hungerford Wine Co, Justerini and Brooks, SW1, Lay and Wheeler Colchester, Wine Society Stevenage*.

Edmund Penning-Rowsell

OPENING PRICES FOR THE CLARETS OF '89

(£)	Adnams	Averys†	Bibendum	Corney & Barrow☆	Philip Eyres	Haynes Hanson & Clark	Hungerford Wine Co	Justerini & Brooks	Lay & Wheeler☆	Wine Society
Pauillac										
Lafite	–	584	540	600	–	–	–	540	498	490
Latour	–	494	495	580	495	–	525	535	498	400
Mouton-Rothschild	540	534	540	580	–	–	545	535	–	490
Pichon-Baron	–	222	229	–	214.80	–	225	250	–	228
Pichon-Lalande	–	249	268	280	259.80	215.80	262	270	253.92	265
Duhart-Milon	–	132	–	135	–	–	142	134	133.92	134
Batailley	–	84	–	–	–	88.20	–	–	–	92
Grand-Puy-Lacoste	141	144	–	–	–	145.10	–	–	143.88	160
Lynch-Bages	–	219	224	235	210	215.80	216	240	215.40	228
St. Estèphe										
Cos-d'Estournel	225	240	242	245	225.80	238.85	248	250	226.84	240
Montrose	–	177	168	176	–	173.85	167	178	–	174
Calon-Ségur	–	156	–	180	–	–	152	–	–	–
St. Julien										
Léoville-Las-Cases	275	297	275	300	–	–	265	295	–	270
Léoville-Barton	130	135	132	140	124.80	129.85	132	138	131.88	136
Léoville-Poyferré	–	150	146	156	–	154.90	147	159	–	–
Ducru-Beaucaillou	245	249	280	265	–	–	259	–	253.92	248
Gruaud-Larose	–	–	–	225	216	226.10	225	235	225.48	228
Talbot	–	–	182	175	150	158.85	175	175	–	–
Beychevelle	–	186	–	182	–	179.25	176	185	–	–
Langoa-Barton	–	115	118	120	–	116.70	114.72	125	–	124
Margaux & Haut-Médoc										
Ch. Margaux	590	510	540	580	490	–	–	535	498	490
Palmer	240	258	260	260	245	254.90	261	–	249.96	260
d'Issan	–	118	119	–	117	–	118	128	–	123
La Lagune	–	126	124	130	–	121.90	122	128	123.60	–
St. Emilion										
Cheval-Blanc	535	489	525	500	492	–	540	530	498	490
Figeac	–	249	–	–	–	–	256	–	249.36	240
Ausone	–	–	–	–	–	–	580	–	–	–
Canon	235	249	255	–	–	–	238	270	237.36	250
Fombrauge	–	–	–	–	–	–	83	–	–	75
Pavie	175	177	179	–	175.80	–	172	190	179.88	185
La Dominique	–	150	–	–	–	–	143	155	–	–
Pomerol										
Vieux Ch. Certan	–	–	300	–	–	–	256	–	–	290
Gazin	–	165	–	–	–	161.65	165	175	162.96	–
Petit-Village	–	–	–	–	–	–	256	–	–	–
La Conseillante	–	354	–	–	–	–	–	–	–	–
Graves										
Haut-Brion	–	496	490	520	425	456.30	440	405	–	490
La Mission-Haut Brion	–	426	375	–	375	–	–	–	–	–
Pape Clément	–	177	178	–	–	–	178	–	–	–
de Fieuzal	120	136	130	–	120	124.50	120	137	–	–
Domaine de Chevalier	240	–	–	250	240	246	–	–	–	240
Crus Bourgeois										
Chasse-Spleen	107.50	–	106	–	–	114.70	112	112	107.88	114
Angludet	85	93	89	92	83.40	88.40	87	–	89	95
Potensac	–	–	58	–	57	–	58	63	–	65
Sociando-Mallet	–	–	104	–	99.60	–	112	115	–	–
Beaumont	–	49	–	–	–	–	–	50	–	82
La Begorce-Zedé	88	–	89	–	–	91.10	89	–	–	–
Poujeaux	–	–	–	–	79.20	–	–	93	–	94
Canon-de-Brem	66	–	–	–	–	–	69	–	–	78
Monbrison	–	102	116	–	–	121.20	122	129	–	–
Cissac	–	70	–	72	64.20	68.30	67	75	67.92	–

☆ price includes delivery † price in-bond Bristol

HOW TO SPEND IT

***Lucia van der Post** on how to combat sun-induced ageing, an exhibition of 'future collectables' and carpets to cover every need*

Sun, sea, sand – and wrinkles

I'M SORRY to be a bore and to be the bearer of such unwelcome news, but if you were thinking of heading for some sunlit place and spreading yourself on a *plage* this summer I urge you to think again. Pale may not be fashionable, pale may not be beautiful, but it will keep you looking better for longer – and it could possibly save your life.

Skin cancers of all sorts and the dreaded melanoma in particular are increasing at an alarming rate. There are several theories as to why. Some focus on the fact that we are living longer than ever before, so of course we are going to fall prey to larger numbers of hazards. Others home in on the thinning of the ozone layer, which means greater exposure to damaging ultra-violet A and B rays from the sun. Yet others blame it on our curious penchant for toasting ourselves on foreign shores.

However, ever contrary, women it seems will go on sunning themselves if all they are risking is cancer. The one thing that *really* sends them heading for cover is the dread of looking old before their time. So let me spell that one out, too – every beauty expert, scientist and dermatologist is unanimous in agreeing that over-exposure to the sun leads to long-term skin damage. In other words: more wrinkles, sooner.

By now the words of wisdom of that guru among dermatologists, Dr Albert Kligman, of the University of Pennsylvania, have been quite well dispersed. "Consider," he says, "the skin on a baby's bottom, and compare it with the skin on your face. The skin on your face could still look like the skin on the baby's bottom if it were kept as well covered and free from sun, stress, pollution and over-indulgence."

Stress, pollution and over-indulgence tend to come as part of a package called Life that we can do little about, but we *can* do something about the sun. And you don't need to spend a fortune – you could buy an inexpensive straw hat and keep it resolutely on, or you could take Dr Kligman's advice to the impecunious: "Buy a sunblock for the day and put Vaseline on at night."

Those who enjoy sniffing around beauty counters will find it easier than ever to keep pale and still enjoy the pleasures of the sun. There is scarcely a beauty house that hasn't applied itself to the matter – the only problem the consumer faces is which of all those magical-looking lotions and potions to choose. Many simply go for names they know and trust.

Bear in mind that foundations shouldn't be too heavy in summer – they should even out skin tone, prevent the skin looking over-shiny and at the same time protect against UV light. These days many beauty houses are building some protection against UV rays into ordinary daily beauty products. Lancôme has had a huge success with its Bienfait du Matin, a tinted moisturiser with inbuilt UV A and B protection, and now it has brought out a foundation, Maqui-Eclat, which also protects one from the damaging rays. And this week Kanebo, the Japanese beauty company, has launched Total Finish with UV Protection, which is exactly what it says it is: a foundation and powder in one with built-in Sun Protection Factor of 13. It comes in its own little compact case for £21.95 and you can just put it on with its little sponge and saunter out.

Working on the theory that even under cloudy skies our skins are still subject to what Shiseido, a leading Japanese beauty company, rather darkly refers to as "invisible, pervasive forces," has introduced its UV Facial Protection Complex and Facial Recovery Complex. Together it claims the products not only protect against future UV damage but help repair the damage already done.

Those who are dipping in and out of water should remember that many products wash off. Look out for waterproof ranges – La Prairie has some good waterproof suncare products with SP factors up to 12.

Most people know that Sun Protection Factors are some guide to the protective qualities of the products but that they are by no means scientific. Beauty houses worldwide have failed to get together over the matter. What in America is referred to as Factor 8 may be something quite different in Japan. As a general guide an SP factor of 6 in Japan would be about 4 in France and about 8 in America. As an even rougher guide, the higher the SP factor, the better.

Those who find most suntan creams much too oily might like to know that Lancôme has brought out an oil-free protective sun spray with an SP factor of 10 (£11 for 125 ml), so light and easy to dispense that it can be used all over (hair as well) to protect from damage.

Those either sensible enough to think of the long-term or who have really sensitive skins should consider using complete sunblocks. Orlane's Vital Sunblock Cream at £10.50 is excellent, and if you use that together with its Self-tanner (£9.50) you could look as healthy and beautiful as the next person and yet protect yourself from future wrinkles at the same time.

If you aren't convinced that pale is beautiful and insist on some degree of tanning then the best advice I can offer is to use some of the pre-tanning preparation creams before you start sunning yourself. They not only nourish and lubricate the skin but also prepare it for the sun's onslaught, giving it some degree of protection.

Another alternative is a self-tanning lotion. Almost every beauty house has one these days. If you were one of the many who tried them when they were new to the market and found that a) they streaked b) they often turned you a rather uninviting orange rather than a delicious brown and c) they had a strange odour, you will be delighted to know that the new generation of self-tanning creams are quite transformed. Odour-free and easy to apply, they are a huge improvement on the first models and though they don't last long (about two to three 3 days) they look convincing while they do. Estee Lauder's seems to be generally regarded as excellent, as is Clarin's.

Totems of our time

THE latest exhibition at London's Victoria & Albert Museum – Collecting for the Future: A Decade of Contemporary Acquisitions – sounds enticing enough, but what are we to make of it in practice? Levi 501 jeans; a skinny lycra dress from Azzedine Alaia; a sinuous metal chair by Andre Dubreuil; a Sony Walkman; a Filofax; Doctor Marten's boots . . . Some useful, some fun, some fetching, some very well-made, some indubitably fashionable totems of our day – but are these really the things by which our era will be remembered, the best that we can muster?

Of course, I quite accept that when it comes to matters of taste, of what is and is not collectable, a little iconoclasm is a good idea. Too much solemnity, too much preaching is not only out of keeping but a big turn-off to all except the really committed. I'm not sure here, though, that frivolity hasn't been overdone. It smacks a little of provocation, of making more of the objects than they intrinsically merit.

There are a few things to excite the eye, a few things which some of us will not recognise all too easily – Johnny Moke's shoes, Klaus Walz's grille, some specially commissioned piece of furniture – but on the whole there is too little to excite the eye, tempt the pocket or exercise the mind. The interest seems mainly to reside in curiosity about the choice of objects - of passing interest yes, but worthy of an exhibition? I have my doubts.

The exhibition runs at the V&A, South Kensington, London SW7 until August 12, Monday to Saturday, 10 am to 5.50 pm, and on Sundays from 1.30 pm to 5.50 pm. Optional admission donation, £2.

■ Also at the V & A next week (on Thursday between 10.30 am and 4 pm) is the chance to see 15 different master craftsmen at work. If you've ever wondered how glass was engraved, how a stone mason handled his raw material, how a silversmith wrought those wondrous shapes, or how expert needlework is done, now's your chance to find out.

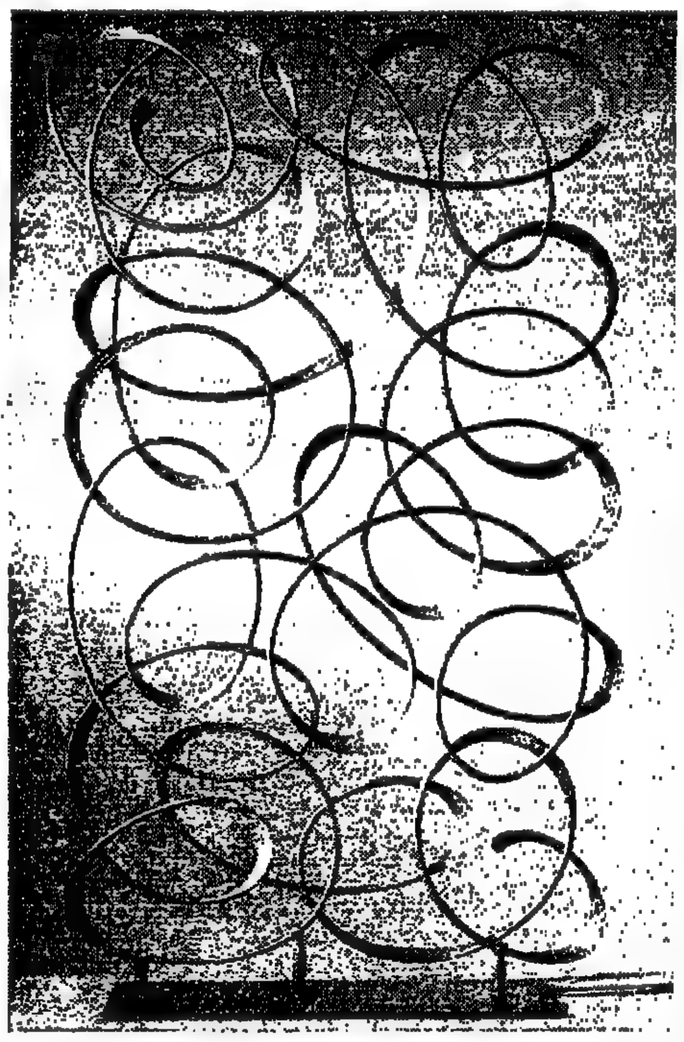
Art In The Making is an exhibition organised by The Art of Living, and The Art of Living, for those of you haven't yet caught up with its activities, publishes an immensely useful handbook which lists and describes a whole host of specialist craftspeople and retailers connected with the world of interior and landscape design. Want a specialist urn made? Or a desk of special size? Or a hand-coloured carpet? *The Art of Living Handbook* will tell you who to turn to. The exhibition at the V & A is free; the handbook costs £29.95, direct from 11 Kensington Park Mews, London W11.

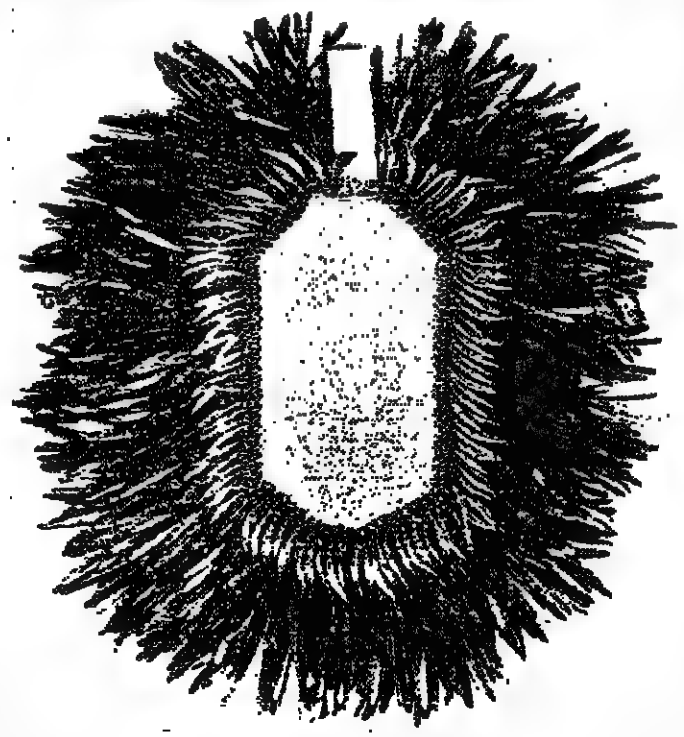
For the next week anybody living in London and looking for idiosyncratic pieces for the house or garden should head for architect Santa Raymond's house at 51, Lansdowne Road, London W11 (tel 071-727-1442), where. she is holding a special one-off sale of pieces collected from all over the world.

From now until next Saturday (open daily from 11 am until 7 pm, except on Sunday and Thursday when she will stay open until 9 pm) you will be able to buy garden furniture from the east; village bedspreads from Bhutan; an ornate Chinese bed in carved teak; or a much-admired garden bench by a British student, Mark Westwood.

THE party present this year for the ubiquitous chap who has everything seems to be a trip in a hot air balloon. The Independent Balloon Company has several balloons which can be hired by the public. A single ticket costs £130, a double £230, and for your money you get lots of free champagne and the chance to go wherever you like within the hour. At the end of your hour's flight your are collected and brought back to base.

If the recipient is of a nervous turn of mind it's worth noting that the speeds aren't exactly mind-blowing – 15 miles per hour is about average, and the company promises that all the pilots are highly qualified and very experienced. Contact James Scott at 71 Smithbrook Kilns, Horsham Road, Cranleigh, Surrey GU6 8JJ. Tel. 0483-268458.





Top left, shoes by Johnny Moke; top, decorative metal grille by Klaus Walz; above, necklace by Tone Vigeland: are they candidates for future collectables?

Carpets to covet

IF YOUR floors or walls are currently in need of a little embellishment, there are several options open to you.

You could hurry along to Christopher Farr in London's Primrose Hill where, from Friday onwards, he will be showing the fruits of two years work. Christopher Farr loves old rugs and old kilims but, well aware that the supply is drying up and that the old traditional skills need to be nurtured on new designs if they are going to go on surviving, he took three young textile designers, Kate Blee, Sian Tucker and Matthew Weir to the Yuntdag Mountains in Western Anatolia to meet village weavers and to devise bold new ways of using their skills.

The results are on show at Christopher Farr, 115 Regent's Park Road, Primrose Hill, London NW1 8UR (tel. 071-586-9684). All the materials used are of the highest quality – fine wools and natural dyes and the resulting rugs and kilims look to be stunning modern interpretations of traditional themes and colours. Though the rug, photographed here, by Sian Tucker (11 ft by 7 ft) has already been sold (at £5,500) it gives you some idea of the richness of the designs.

Christopher Farr wants passionately to convey that new does not necessarily mean awful, that new can stand for high quality and fine design. He has gone only to small producers who are committed to fine quality. Some of the prices of the lush wool rugs, like Sian Tucker's, may seem high but there is a good selection of rugs under £1,000 as well as a collection of Tree of Life kilims, measuring 3ft by 2ft at £95.

Though Christopher Farr's new workings of old Anatolian themes would work beautifully with traditional interiors, some people may prefer the more floral style of antique French Aubussons. If so they should hurry along to The Vigo Gallery where from Friday onwards there will be a display of exceedingly fine Aubussons dating from about 1760 – 1880, many from the time of Napoleon III.

They will not be cheap – prices range from £12,000 to £70,000 – but they are rare collectors' items. Aubussons are very finely woven and are relatively hard-wearing. You would be foolish to put them in rooms with heavy traffic but find a quiet room, put them on the floor and enjoy them.

If you've always loved the ornamental floral style associated with Aubusson and have some cash to spare then this is your chance to buy something really special. You are not likely often to see their like. The Vigo Gallery is at 6a Vigo Street, London W1X 1AH.

Finally, Stockwell Carpets commissioned four designers (three British and one American) to help produce its Americana Collection of rugs which captures the spirit of early American settler life. Themes have been drawn from American primitive designs, from stencil work and antique quilts. Exceedingly joyful in spirit, they are a delight to look at, capturing all the uncomplicated motifs so beloved by the early settlers. All the carpets are hand-made from naturally dyed wool and can be made in any size and any colour.

They have have to be made to order, prices work out at about £35 a square foot and orders take about 16 weeks. Order them from Stockwell Carpets, 67a Great Tichfield Street, London W1.

Sian Tucker's innovative design for Christopher Farr carpets

"Williamsburg" from Stockwell Carpet's Americana collection

Good news for travellers – a splendid new bookshop has just opened in London's Marylebone High Street which caters specially for travellers, whether real or just armchair. Started by James Daunt, who is all of 26 years old and already an ex-banker and bookshop owner, it offers exactly what the literate traveller wants and nobody, surprisingly, supplies – from maps and guidebooks to out-of-print novels, children's books, cookery books and biographies all related to a given country.

Supposing, for instance, that you were thinking of going to India. Not only would you have a vast collection of maps and guidebooks to choose from, there would also be books on Indian architecture, the Mahabharata, on the Moghuls, on Indian cookery, a biography of Gandhi, the autobiography of a sepoy, a look at Indian religions and so on and on. Daunt Books For Travellers is at 83 Marylebone High Street, London W1. (tel. 071-224-2295). It is open until 7.30 every evening, six days a week.

GARDENING/MOTORING

Consolation for the paeony

***Robin Lane Fox** on the perfect foil for old-fashioned roses*

WE HAVE been pitched into the season of old-fashioned roses sooner than expected: they are a month ahead of themselves and flowering their heads of, to the distress of the many gardeners who open their rose-gardens to the public at the end of this month.

Every year they raise an urgent question: what looks best with them in their many shades of purple, mauve and pink? The flower-arrangers were the first to come up with elegant answers. They made us aware of the yellow-green flowers of Ladies Mantle, the blue-grey leaves of hostas and the informal effect of white valerian, grown in quantity from seed.

My own best success has been with paeonies. I want to give them a column, partly because they have had a good year against expectations, partly because there are particular varieties which work particularly well in odd places. I also want to write a consolation.

Consolations, in the classical world, were little essays or poems which you wrote for pets, friends, or members of the family who were in distress and probably dead. In late March, I planted a promising bunch of an excellent white variety, called Festiva maxima which I would normally recommend. They have had two hours' rain in the past nine weeks and have heeded my efforts with hosepipe. Paeonies have a way of maturing slowly, but it needs an act of faith to believe that mine will ever be festive or maxima.

Among old roses, the one which I cannot resist is the obliging White Wings. It is single flowered, although one's first instinct is to think that good paeonies must be ruffled with petals and big heads in flower. It is, however, extremely tough and easy and, contrary to belief that all paeonies hate disturbance, it can be divided without difficulty.

We started off in Oxford with one White Wings 12 years ago and now have lots of them, most of which are sitting among old roses. The white flowers are huge, open-hearted and filled with golden petals. Somehow, they look much better than the double-flowered forms among old-fashioned roses, which are usually double-flowered themselves. One particular beauty of White Wings is usually forgotten: in high summer it has the most beautiful dark green leaves.

It also has the right season for the first flush of old rose-bushes. Here, we are all too lazy about the potential paeony-season. The best guide is the catalogue of the traditional kings of the paeony, Kelways, of Langport, Somerset, TA10 9FL. They grade all varieties according to season, which extends from late May to early July in any year except this one. The grading has some sensitive categories which bear witness to an expert hand: they range from "Very Early Late" to "Early-flowering mid-season". Nonetheless, they do remind us that it is important to space out the varieties which you choose.

Old plants can sometimes be found growing wild in ancient neglect among the grass

We begin with some of the species and a single strong rose-pink called Silver Flare, which has a silver edge in May. We end off in late June with two absolute wonders, the double Cornelia Shaylor, which fades from a pale pink to a pure white, and the deep rose-velvet Instituteur Doriat. The latter is an Imperial paeony with one of those great centres of petals which in this case are stunningly edged with white. It first caught my eye at Chelsea 10 years ago and has been a delight ever since.

My next suggestion is still not taken sufficiently seriously. You can see proof that it will work in overgrown town gardens or in former gardens for vegetables and cut flowers. Old, neglected plants of the Apothecary Paeony, Officinalis rosea plena, can sometimes be found there growing wild in ancient neglect among rough grass. Will they not do the same in a meadow garden? Meadow gardening is still stuck with British wild flowers and modern weeds from seeds: actually, something as solid as this herbaceous paeony will grow freely in moderately rough grass if you clear a space for it in its first two years.

I first realised this trick when reading William Robinson's *Wild Garden*: he showed an example of it in a wood-cut in 1870. We then tried some plants on the edge of an over-grown orchard where they flowered happily and did not even mind when their tops were mown off in late July. It would be mad to try the finer varieties, but Kelways do also comment on a paeony-variety which is ignored, but attractive to wild gardeners: the plants, they assure us, are totally immune to rabbits.

None of these varieties is a true Tree Paeony, plants which are lovely but sometimes slow to settle down. A year or two ago, the proprietor of Kelways told me at Chelsea that he could not really think why people bought the heavily-double yellow Tree Paeony with such keenness: he had always thought it second-rate. I would not disagree, but last weekend I did see the real wonder in this branch of the tribe, an old yellow form called L'esperance. Nobody, I fear, sells it, but it makes the other one, Maxime Cornu, look vulgar.

Instead, you might like an idea for an eye-catcher. In a long border, I like this style of planting: it ignores the groups and clumps which text books draw out for borders and it merely repeats one thing with a strong clear colour at intervals down the bed. If it is strong enough, it draws the eye down the border's length and gives it unity. Alternatively, you can use the same trick round the three sides of a rectangular back garden which has flower beds under each boundary.

As an early eye-catcher, one to consider is Paeony Lobata Peregrina (or Fire King). Its single flowers are a bright cherry red and stand out surprisingly among whites and blues. It seems very obliging, but it relies on attention to the paeony's one little obstinacy: if you plant any of these forms too deeply, they are very reluctant to flower: they need no more than an inch or two of soil above their crown of roots; otherwise they will not catch the eye or the imagination, but they will sulk and disappoint you.

A breeder of floral perfection

***Arthur Hellyer** remembers Jan de Graaf, creator of beautiful lilies*

I READ with sadness in the March Newsletter of the Royal Horticultural Society Lily Group that Jan de Graaf, the great lily breeder and grower, had died. He had retired from the horticultural industry more than 20 years ago but John Hayward, editor of the Lily Group Newsletter, rightly regards him as the man who more than any other put lilies where they are today in the gardening world.

I first met Jan de Graaf in June 1961 when he picked me up at Portland airport and drove me the few miles to his 1,000 acre Oregon Bulb Farm at Gresham, Oregon, US. The site is magnificent, straddling the conference of the Bull Run River and the Sandy River, and Jan built his beautiful house on the very edge of the deep canyon in which the two rivers meet. You could look right down into it through the trees and be delighted by the rush and tumble of the water.

From some parts of the farm, including the long trial beds in which the new lilies were assessed, it was possible to see for 30 miles or so across the Oregon forests to the conical, snow-capped peak of Mount Hood. Later that June day Jan drove me to the ski lift at the foot of the snow cap so that I could enjoy the view and see the beautiful wild flowers that grew in the woods.

Jan de Graaf, a Dutchman, had been sent as a young man to Oregon to clear up a business matter for his father. He ended up taking over the business and settling in the US for life. He was charming, cultured and had an elegant wife who shared his great love for paintings, the theatre and books.

The techniques he had perfected for much of his lily breeding were to raise huge numbers of seedlings, both from species fertilised with their own pollen and with that of any other species with which they were compatible. He would then search among the offspring for clones from which he could produce true breeding strains, so keeping virus infection at bay and securing hybrid vigour.

He relied quite heavily on expert employees in whose judgment he had faith to select the breeding clones. Harold Coomber, whose father James had been the famous head gardener in the Messell Garden at Nymans Handcross, West Sussex, had been working in this capacity for de Graaf for some years but had just left at the time of de Graaf's death. John Bryan, a prizewinning student from the Royal Horticultural Society Garden at Wisley, Surrey, had been with de Graaf just a month. Both seemed well pleased with the arrangement, but Jan spoke of himself and his manager, Earl N. Hornback, a tall, reserved but very alert man, as the main originators and breeders. He also said that Hornback had the artist's eye which enabled him to pick out the best parents.

Despite the virus threat Jan de Graaf was, at this period, thinking of propagating some of his new varieties vegetatively and giving each a name, partly to secure awards from prestigious societies and partly to catch the exclusive trade which is centered on the best – and only the best. Whether this was a wise move commercially I am by no means sure, because though some enthusiasts will pay very high prices for such super varieties, there are not a great many of them and the total demand they create cannot be very impressive.

The potentially huge market that exists for lilies is for beautiful but easily grown and reliable varieties. That was made clear with the arrival of the mid-century Hybrids. The parentage was fairly complex and had started with deliberate or spontaneous hybrids in Japan

more than 100 years earlier. More species had been added to the mix before Jan de Graaf came on the scene, but it was he who gave the final touches which produced garden varieties of the beauty, reliability and exceptional vigour of Enchantment, Destiny, Harmony and other lilies which captivated both the garden market and the very much larger market for cut flowers.

In his notes on de Graaf in the Lily Group Newsletter Hayward says that the commercial success of these mid-century varieties put such pressure on the Oregon nursery that several other promising lines – like the Bellingham derivatives and the Martagon Hybrids – were dropped altogether. This may have made sense for the American market but it seems a strange decision for Britain, where Lilium martagon is so much at home that it is included in British floras.

I remember being especially pleased in the Oregon bulb farm trial beds by the Paisley Strain, made by crossing the white variety of Lilium martagon with selected plants of L. hansoni. The garden name was chosen because the flowers displayed some of the lovely colours of paisley shawls. All had the characteristic dangling martagon flowers with strongly recurving petals and appeared very vigorous, but I cannot recollect having seen them in British gardens, nor can I find them listed.

In 1968 Jan de Graaf wrote to tell me that he was selling his interest in the Oregon Bulb Farms and that he and his wife were planning to live in New York. I wonder whether he had already sensed that his great adventure with lilies was not going to succeed, largely because of the impossibility of creating at sufficient pace the market required to support his huge outlays. Certainly the new owners soon changed course, at first concentrating on lilies for the cut flower trade and now having abandoned lilies altogether.

However, the work that Jan de Graaf started will be continued. It has opened many new horizons and has left some warnings – of which perhaps the most important is that the virus problem must be overcome, either by breeding, or by methods of propagation, or by other effective treatment. Only when this has been done can the lily take its equal place in the garden beside the rose as the twin symbols of floral perfection.

Toyota's luxury Lexus LS400: Rolls-Royce standards of refinement at volume production prices

Red carpet treatment for the new prince of luxury cars

***Stuart Marshall** on the Toyota Lexus LS400*

IF YOU THINK there is, something about the Toyota Lexus LS400 that reminds you of a Mercedes S-Class and a BMW 7-Series, with some touches of Jaguar inside, you are absolutely right.

When Eiji Toyoda, chairman of the Toyota Motor Corporation, challenged his executives in August 1983 to create the world's finest luxury performance saloon, he – and they – knew which cars it would have to beat: Mercedes, BMW and Jaguar, in that order.

What they came up with, six years and Heaven only knows how many hundreds of million of pounds later, was a completely original car that managed to capture the essential qualities of its three rivals.

It is as solid as a Mercedes 420S; as smoothly sporting as a BMW 735iSE; as silent as a Jaguar Sovereign 4-litre. The only thing it lacks is their charisma and social status. Like the patina on a period piece, this takes time to acquire. But, so good is the Lexus LS400, I doubt that it will take long.

It seems almost incidental that at £34,250, it is considerably cheaper than any of the competition when similarly equipped. Having driven it quite extensively on road and track and seen it being made and tested, I think it is actually better in some respects, regardless of price.

For example, Lexus has the lowest aerodynamic drag in its class. I know of no car that suppresses road, wind, engine and transmission noise so effectively. It is unbelievably quiet. Slip a disc into the superb seven-speaker stereo radio/tape/CD player and waft along the autobahn in air conditioned comfort at a relaxed 120 mph (193 kmh). Even in the softer passages, you will hear every note. Only when speed nears the 150 mph (241 kmh) maximum does the sound of air rushing over the car intrude. Unless Lexus owners go on the autobahn – or risk heavy fines and disqualifications in the UK – they will never hear more than a whisper of wind noise.

How can the Lexus be made with Rolls-Royce refinement but sell at a price reflecting production at a rate of 5,500 a month? I suppose the answer is that if you throw in enough resources, both human and technological, and have apparently unlimited funds, anything becomes possible.

Before the first Lexus prototype was made, 24 engineering teams – in all, 1,400 engineers, 2,300 technicians and 220 support workers – are said to have been put on the project. A total of 973 prototype engines and 450 test cars were built before Ichiro Suzuki, chief engineer, was satisfied.

The Lexus LS400 is a big car; at 16 ft 4 in (4995 mm) overall it is longer than a BMW 750i, just an inch or two shorter than a Mercedes 420SE. A 4-litre, 32-valve, 241 hp V8 engine with exhaust catalyser drives the rear wheels through a 4-speed automatic transmission with an overdrive top.

It has conventional steel sprung, all-independent suspension; ventilated disc brakes with ABS; rack and pinion steering with speed-sensitive power assistance.

When you slide on to the soft leather driving seat, touch a lever to power-adjust the steering wheel for angle and reach and flip the ignition key, you begin to appreciate what the Lexus development team achieved. You can't hear the engine and you won't hear it until you get clear of the traffic and put your foot down. Even then, there is no more than a muted hum as the rev. counter needle swings round to a vibrationless 5,000 rpm under hard acceleration.

At 120 mph (193 kmh) the needle flicks back as the transmission shifts silkily into overdrive top and the engine speed drops to 3,600 rpm.

On winding roads in the Black Forest in West Germany, where I drove the Lexus a few weeks ago, I thought it combined the urbanity of a chairman's limousine with the quick responses and secure handling of a sports car.

What else can one say of the Lexus without appearing to overdo the use of superlatives?

The instruments – cold cathode-lit white figures on plain black dials – are models of clarity. The driving seat is heated, power-adjusted and has a two-position memory. Go from one position to the other and the headrest, steering wheel height, setting of the outside mirrors and even the seat belt top anchorage change in sympathy.

I found no mention of Toyota anywhere on the Lexus. In the US it is sold as a completely separate marque but in Britain is being handled by 65 special Lexus dealerships within the Toyota network. Owners are promised red carpet treatment by dedicated technicians. There will be home or office collection and delivery of cars in for servicing.

Since the Lexus went on sale in the US last September and in Japan two months later it has been chosen US Imported car of the Year and Japan Car of the Year. Britain is the second European country to get it – the first was Switzerland in March. Only 700 will be available in the UK this year and 1,000 in 1991. Many of those 700 have been ordered in advance by owners of cars ranging from Rolls-Royces downwards on the strength of favourable press comment. I can't think that they will be disappointed.

If you take into account value for money as well as standards of refinement and luxury, the Lexus has no rival. However, Mercedes will launch a counter attack next March. The replacement for the veteran Mercedes S-Class cars, still regarded as a benchmark for luxury executive saloons, will be unveiled at the 1991 Geneva Show. It won't compete with the Lexus LS400 on price, but one can be confident it will on everything else.

CHESS

AN UNUSUAL king's side opening worth the attention of amateur chessplayers is the Scotch Game 1 e4 e5 2 Nf3 Nc6 3 d4 exd4 4 Nxd4, together with its variant 3 Nc3 Nf6 4 d4, the Scotch Four Knights. Batsford has published an excellent guide to this opening written by George Botterill and Tim Harding, and the Scotch has a small but devoted band of postal and over-the-board adherents.

The opening takes its name from a postal match between Edinburgh and London in the 1820s, and its durability stems from its solid strategic base. White has a pawn at e4 giving more space than Black's pawn at d6, while the resulting positions can lead to lively tactical chess with scope for innovation. Naturally this works both ways, and an attempted revival of the variation 3 d4 exd4 4 Nxd4 Nf6 5 Nxc6 bxc6 6 e5 was halted a few years ago when Karpov won brilliantly against Timman with the black pieces.

This week's game is an example of the older form of the Scotch Game 3 Nc3, currently less in vogue, but whose complex tactics give White possibilities of an early victory against lesser opposition.

White: Polovodin. Black: Rutman.

Scotch Four Knights (Leningrad 1979).

1 e4 e5 2 Nf3 Nc6 3 Nc3.

I used to recommend the dashing Goring Gambit 3 d4 exd4 4 c3, which gives many attacking chances but unfortunately has one strong defence: 4 ... dxc3 5 Bc4 cxb2! 6 Bxb2 d6! when if 7 Qb3 Qd7 and Black gains time by the positional threat of Na5.

3 ... Nf6 4 d4 Bb4.

After 4 ... exd4 5 Nxd4 is solid but dull, while 5 Nd5 is the enterprising Belgrade Gambit, best met by the surprising 5 ... Nb4.

5 Nxe5 Nxe4.

If instead 5 ... Qe7 then 6 Qd3 Nxe5 7 dxe5 Qxe5 8 Bd2 0-0 9 0-0-0 Bxc3 10 Bxc3 Qf4+ (Qxe4 11 Qg3) 11 Rd2! favours White since 11 ... Nxe4? fails to 12 Qd4.

6 Qg4 Nxc3 7 Qxg7.

A capture which revives memories of an embarrassing moment in this writer's playing career. It was the second game of the Barden v Phillips playoff match for the 1954 British Championship, and after drawing the first game with the black pieces I decided to prepare a sharp opening and go for the full point. We played in evenings at the old National Chess Centre near Liverpool Street, so the morning and afternoon were spent in pre-game homework on the Scotch.

Arriving at the board, Black gratifyingly walked into the prepared line, but at this point White suffered total amnesia about the move order. Did 7 a3 come first, or was it 7 Qxg7? White analysed, tossed a mental coin, made the wrong choice, and Black had a much superior position.

What then saved the day was Covent Garden. While White was agonising between two moves, Black was remembering two opera tickets in his pocket and the companion who would be disappointed; his twin loves of chess and music inwardly battled, music won and he proposed a draw which White eagerly accepted.

7 ... Rf8 8 a3 Nxd4?!

An interesting but dubious tactical coup. Black may have to fall back on 8 ... Ba5 9 Nxc6 dxc6 10 Qe5+ Qe7 11 Qxe7+ Kxe7 12 Bd2 Bf5 13 Bd3 when White has an extra endgame pawn but a win is technically difficult.

9 axb4 Nxc2+ 10 Kd2 Nxa1 11 Kxc3 a5.

Batsford Chess Openings, the bible for match players in a hurry, calls this position unclear, but White can sidestep 12 bxa5? c5.

12 Bc4! axb4+ 13 Kd2 d5 14 Bb5+ c6.

An interesting try is 14 ... Ke7 15 Kd1 Kd6 but then 16 Nd3! threatens 17 Bf4+ and Black's king is unable to escape.

15 Re1 Be6 16 Nxc6! bxc6 17 Rxe6+! Kd7.

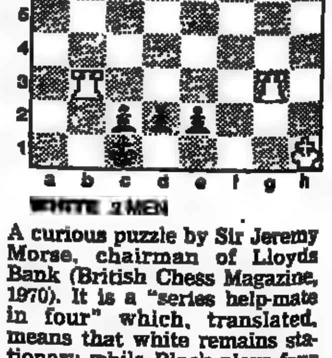
If 17 ... fxe6 18 Bxc6+ forces mate.

18 Rxc6 Qe7 19 Kd1! Rab8 20 Bf4 Resigns. If Rxb5 21 Rc7+ wins.

Next month's NatWest British Rapid Championship at Leeds offers a rare opportunity for ambitious but busy players who would like to take on the country's leading masters over a weekend. The open event on 7-8 July comprises 11 rounds, each of a minimum one hour on the clock, for a prize fund of £10,000. Several of the England team who beat the Russians in Reykjavik are likely to compete. There are also subsidiary, grading-limited tournaments restricted to weaker players. For details, call Nick Nixon on 0532-697369 or write to British Rapid Chess, 19 Wellington Street, Leeds.

PROBLEM No. 825

BLACK 4 MEN



WHITE 2 MEN

A curious puzzle by Sir Jeremy Morse, chairman of Lloyds Bank (British Chess Magazine, 1970). It is a "series help-mate in four" which, translated, means that white remains stationary while Black plays four consecutive moves to reach a position where White can then checkmate in one. Harder than it looks! It took me half an hour to solve.

Solution Page XXIII

Leonard Barden

BRIDGE

MY FIRST hand comes from rubber bridge:

N
♠ 8 6
♥ K Q 8 5 4
♦ A K Q 2
♣ K Q

W
♠ 4 3
♥ A 10 2
♦ J 9 7 5
♣ J 9 8 2

E
♠ K Q 2
♥ J 6 3
♦ 10 8
♣ A 10 6 4 3

S
♠ A J 10 9 7 5
♥ 9 7
♦ 6 4 3
♣ 7 5

With both sides game, North dealt and bid one heart, South replied with one spade, North rebid three no trumps, and South's four spades closed the auction.

West led the two of clubs and South considered his chances. He had one loser in hearts, and one in clubs. Provided that he could pick up one spade honour by finesse, all seemed plain sailing.

Dummy's club queen was played, the ace won, and East returned the 10 of diamonds. Taking with dummy's queen, the declarer led back the eight of spades, intending to run it, but the king was played by East. South took with his ace, and followed with the knave. This was taken by the queen, and East played his eight of diamonds to dummy's king.

Suddeny the whole picture changed – the declarer could not cross to his hand to draw the last trump. He played king of hearts, West took, and the diamond switch enabled his partner to ruff and defeat the contract.

South had not spotted the danger which threatened. Had he examined the position more deeply, he would have avoided the disaster. At trick four, after winning East's spade king, South should lead a heart. West wins, and leads another diamond, but now when East wins with his spade queen and returns a club to the king, South can cash the heart queen, and ruff his way back to his hand to draw East's trump, and claim his contract.

We turn to an old Olympic hand:

N
♠ 7
♥ 10 7 4 3
♦ K 9 8 5 4
♣ K Q J

W
♠ 9 8 5 4 3
♥ Q 6
♦ Q J 10 7
♣ 5 2

E
♠ 6
♥ K J 9 5
♦ A 6 3 2
♣ A 6 4 3

S
♠ A K Q J 10 2
♥ A 8 2
♦ –
♣ 10 9 8 7

With North-South vulnerable, South dealt and bid one spade, North replied with one no trump, and South's four spades closed the auction.

West opened with the queen of diamonds, South ruffed, and cashed ace and king of spades, East showing out on the second round.

The declarer switched to clubs, East withheld his ace for one round, won the second club, and returned a club for West to ruff. This put declarer one down – he had two heart losers.

I cannot forgive a declarer for failing to make the contract as it occurred in an Olympic contest.

He should realise at once that trumps must be breaking 5-1. When this is confirmed after two rounds, he plays queen, knave, 10 of spades, and discards dummy's three club honours. Then he leads the 10 of clubs. East wins and cashes his diamond ace, then switches to a heart. Declarer wins with his ace, and runs his three clubs for contract.

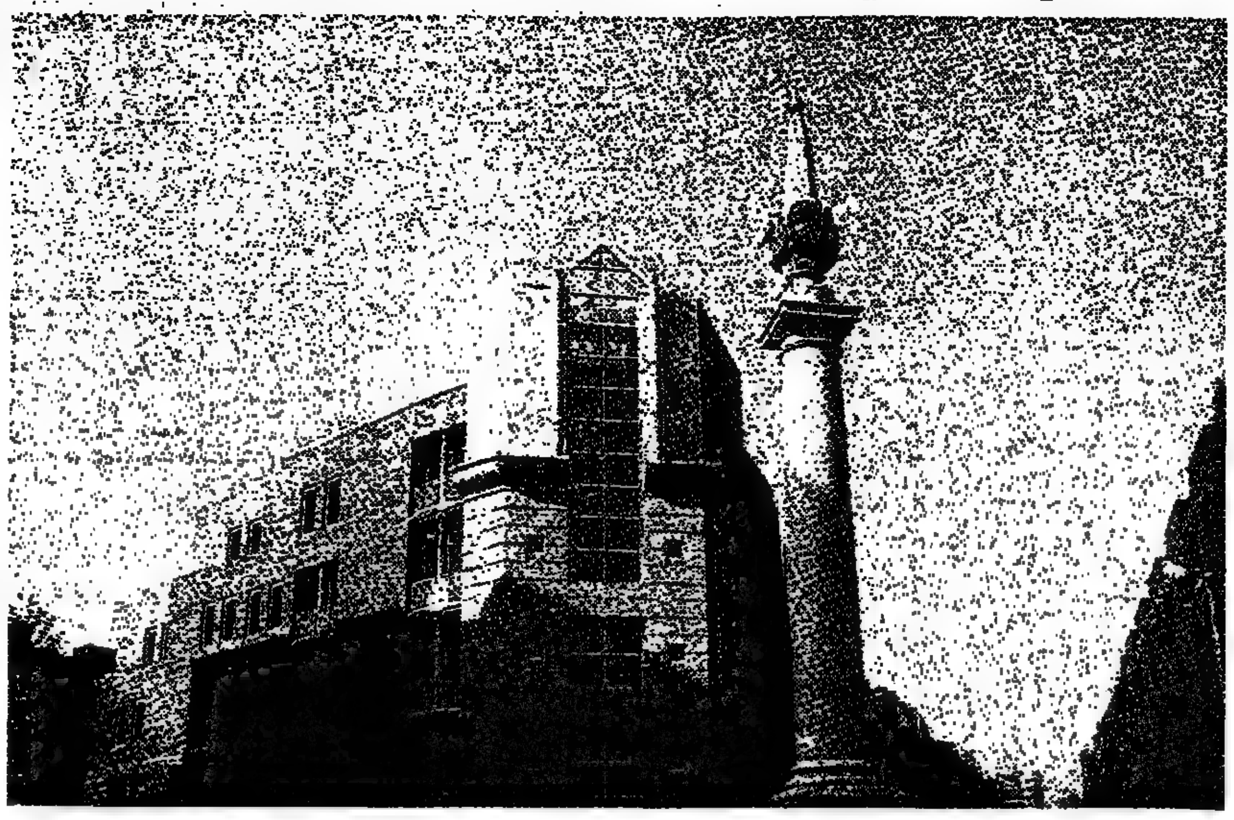
If West holds the club ace, he can lead his diamond knave, and the defence score two tricks, South throwing his two heart losers. Again the contract is delivered.

E. P. C. Cotter

Property

Inigo Jones's barnyard

John Brennan considers Covent Garden's past and present



Fielding Court at Seven Dials, Covent Garden, where one-bedroom flats are priced from £140,000

KING CHARLES I, like his contemporary Royal namesake, had strong views about urban planning. The King liked orderly development, and planning gain, preferably in cash. Charles I set up in 1625 the Commission for Buildings. Its directors included Inigo Jones. The creation of Covent Garden – so called because today's Drury Lane formed the path to the 11th-century Convent of St Paul – provided the first formal expression of the King's particular interests in the appearance of "his" capital.

The site was part of the land behind the fourth Earl of Bedford's vast town house in the Strand. The third Earl had already carried out commercially successful housing developments for rent along Drury Lane and into Long Acre. But these properties had been built without the Royal permission necessary for any additional building. To add to the estate, the new Earl had to pay the King £2,000 for a personal license and agree to build on a scale and in a style dictated by the King's clear suggestion that Jones be appointed architect to the scheme.

The result was the Piazza, with 18 houses on the north and east sides, each with gardens, coach house and stables at the rear. The walls of the garden of Bedford House itself provided the southern boundary of the open square, with the Church of St Paul's on the west. The Earl of Bedford did ask Inigo Jones to produce designs for a cheap, plain church, "not much more than a barn." Jones replied that the Earl should have his way, but that he should also have, "the handsomest barn in Europe." The cost of St Paul's came to £4,886 5s. 8d. – more than twice the provisional budget.

Despite the expense, the Earl was not displeased with the commercial outcome. Houses rented initially for around £160 a year on short leaseholds. Nor was the King displeased. Covent Garden provided an example of symmetrical estate planning with regular terraced properties that was to be a model for development in the capital thereafter.

Inigo Jones's square lost its prime residential status as the original buildings aged, and as the area came to be used as a focal point for fruit and vegetable sales. Milords of the Bedford family, ever conscious of the development possibilities of their land, decided to capitalise on the appeal to the traders of this central open space. In 1828 the then Duke of Bedford commissioned architect Charles Flower to create the market buildings in the square that stand today. Once more Covent Garden acted as an architectural showcase. The fruit and vegetable market building was the first substantial purpose-built structure of its kind in the country and acted as a model for similar town-centre markets elsewhere.

A century and a half's wear and tear left the 100 acres of Covent Garden a perfect target for the interventionist planners of the 1960s. With just as much enthusiasm and conviction about the need to modernise the capital as Charles I, the initiators of the 1968 Greater London Council's Comprehensive Development Plan proposed a total reshaping of the area following the decision to move the fruit and vegetable market south of the river to Nine Elms.

After more than 20 years of subsequent planning battles it is easy to forget that the initial proposals would have meant clearing and rebuilding more than 60 per cent of the whole area around a new road network. Instead, Covent Garden has been spared. Purist preservationists regard what has been done as a compromise, but the average visitor clearly enjoys the human scale of the buildings.

Restaurants and coffee bars are either cheap or quite expensive. The niche-market divisions of retail chains outnumber individual fashion shops. Grocers shops have become delicatessens. At the same time, the cheap, small offices that used to be found above the shops have been cleaned up and priced out of reach of start-up enterprises. They have made way for design and location-conscious businesses drawn to the image of Covent Garden as a "trendy" area.

There are some 1,000 homes in Covent Garden, more than half of them council properties. Some of these are still on low fixed council rents and represent the best value in Central London. It's a special market, one that has been largely insulated from the slow-down in sales elsewhere in the capital. It's a place for business pieds-a-terre, rock solid rentals, and homes as close to a visitor's idea of the very centre of London as you can get. Houses are an extreme rarity.

E A Shaw and Partners (071.240.2255) have two of the half dozen remaining freehold houses in the area on their books at the moment. Twenty-seven Mercer Street, WC2, a four-bedroom 17th-century town house restored as part of Terry Farrell's award-winning Comyn Ching Triangle refurbishment scheme, is priced by Shaw and joint agents Savills (071-730-0822) at £550,000. A three-year corporate rental at £600 a week reflects the investment appeal of the property. In nearby Tower Court, E A Shaw have another 17th-century terraced house available for an asking rent of £750 a week, or for sale freehold at £530,000.

The roofs of Tower Court form part of the foreground view from the top terrace of the latest residential scheme to be released in the area. Taylor Woodrow Capital developments' 15-flat Fielding Court is nearing completion on the southern corner of the Seven Dials junction. Architects Scott Brownrigg & Turner designed an interesting, stone-glass classical, stepped-back building that makes an effective partner for Terry Farrell's corner-building design across the street.

As it happens, they have turned in a particularly cheerful set of flats. The corner site allows each flat a far greater amount of light, and a better view of the street action below, than in most of the central terrace developments in the area. Prices rise as you go up the building, but as a guide the 125-year leases on the 462 sq ft one-bedroom flats are priced from £140,000 and the 713 sq ft two-bedroom flats at around £250,000.

The star apartments are those in the prow of the development overlooking Seven Dials junction itself. The 1,000 sq ft fourth and fifth floor penthouse, priced at £375,000, gives a spiral stair view through floor to raised ceiling windows down on to the newly replaced Seven Dials monument and out over the whole area.

Covent Garden is a sufficiently contained market to have distinctive price patterns. One-bedroom apartments sell in a range from just over £100,000 to around £150,000. Two-bedroom flats range up from that to quarter of a million pounds or so. Bradley & Eckhardt (071-437-2571) have, as an example, a two-bedroom flat at 8 Floral street for £150,000, while the energetic E A Shaw recently sold a generous-sized two-bedroom ex-council maisonette at Seven Dials Court for £232,500.

Estate agents lie low over global warming

AMID ALL the talk of the greenhouse effect is to be found a particular problem for estate agents in the more low lying parts of the UK: that of allaying fears among purchasers of inundation by rising sea levels.

A glance at the Ordnance Survey map suggests that East Anglia is particularly at risk. The Norfolk Broads are at current sea level while areas south of the Wash are well below the embankments of the rivers into which their ground water is pumped in order to keep if fit for agriculture, and indeed habitation.

The current tidal wave – if that is not an indelicate term – of concern comes with particularly unfortunate timing to a property market already in free–fall after the spectacular increases of 1987/88.

But the risk in fact is minimal, as a look at the Dutch precedent shows. Large areas of the Netherlands are already well below sea level, indeed have been reclaimed and defended from the sea for many years.

The Dutch long ago showed that modern engineering with sufficient funding is up to the task, and should sea levels rise this will apply as much to East Anglia as to the Dutch Polders, notwithstanding the additional geological fact that the south eastern quarter of the UK is sinking while the north west is rising.

The Fens, of course, are also reclaimed land. In Norman times, before the sluices and drains and dykes, the Isle of Ely, now 30 miles from the sea, was indeed an island – surrounded if not by open water then by marshes through which ran many waterways giving direct access to the Wash.

Some locals greet the prospect of a return to the status quo with some ambivalence, even jocularity. "My lot were farmers before that Hereward were awake," said one farmer. "Only money I made were from this mad cow disease but that won't last for ever. Bit of fish farming might be a better bet, even if mad haddock disease don't have quite the same ring about it."

Despite the old jokes about sinking funds and lessthan floating assets, there is little evidence that climatic change is yet an issue among incoming house buyers, though most estate agents can of course be expected to play the whole thing down. Certainly their reaction to the question could be summed up by one from Downham Market who simply said: "Your're winding me up, aren't you?"

Nevertheless, some subtle contingencies are apparent at grass roots level.

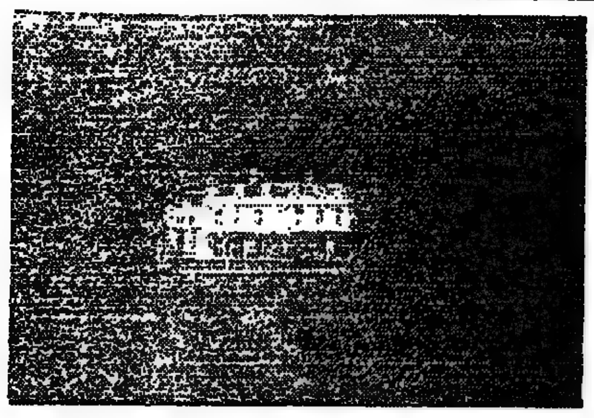
The prospect of higher wind speeds has prompted new interest in windmills for energy efficient water pumping, while in areas where years of such pumping has already caused soil shrinkage to lower individual fields below adjacent roads, experiments with varieties of temperate rice are under way in anticipation of greater precipitation.

Fenland gardeners, meanwhile, have for some time been training runner beans up fishing nets, while small parcels of agricultural land are once again, dealt with in rods, poles and perches.

John Worrall

COUNTRY PROPERTY

HAMPTONS



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Region £1.25 million.
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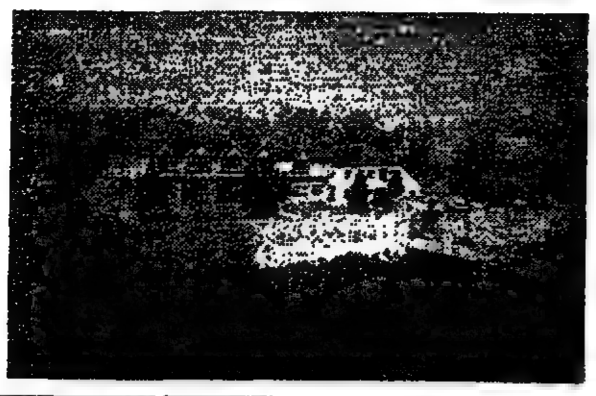
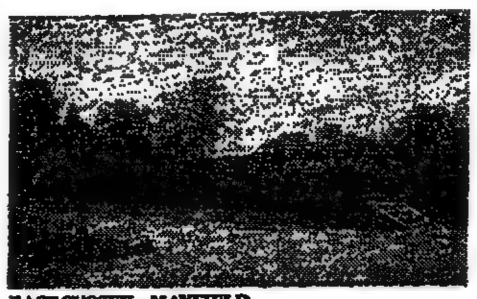


SUSSEX

Lewes 15 miles. Eastbourne 9 miles.

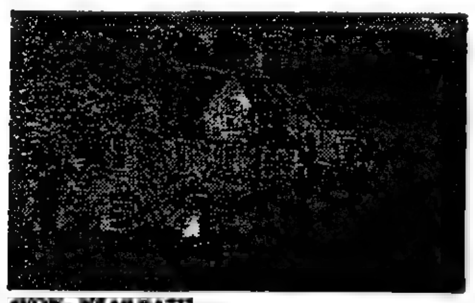
A magnificent Grade I Listed moated manor house and estate.
Principal residence: 5 reception rooms, 6 bedrooms, 4 bathrooms. Cottage. Staff flat. Garaging. Outbuildings. Swimming pool. Gardens. 86 acres including banks of the Cuckmere River.

Head Office: Tel: 071-493 8222

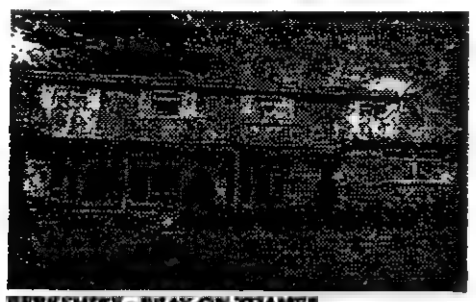


EAST SUSSEX - MAYFIELD
A small country estate on the River Rother.
Grade II millers house - 3 reception rooms, 6 bedrooms, 3 bathrooms. Charming oast - 3 reception rooms, 3 bedrooms, 2 bathrooms (annexe). Gardens, ponds, paddocks. About 28 acres. As a whole or as 2 lots.
Mayfield. Tel: (0435) 872294 or
Head Office: Tel: 071-493 8222

SURREY - WENTWORTH
M25 3 miles. (Waterloo 35 minutes).
Secluded, single storey contemporary house in the heart of the Wentworth Estate.
4 reception rooms, 4 bedrooms, 3 bathrooms. Staff flat over garaging. About 1 acre.
Excess £700,000.
Sunningdale. Tel: (0990) 27555



AVON - NEAR BATH
Bath 4 miles. M4 14 miles.
Grade II Mill house and mill with private fishing.
2 reception rooms, 5 bedrooms, 2 bathrooms. Garaging. Four storey mill for conversion (subject to consent). Garden with river frontage.
Bath. Tel: (0225) 443003 or
Head Office. Tel: 071-493 8222



BERKSHIRE - BRAY-ON-THAMES
An individual riverside property with 70 ft. frontage and mooring.
Reception hall, 4 reception rooms, 4 double bedrooms, 2 bathrooms (1 en-suite). Garaging. Riverside garden.
Region £475,000.
Maidenhead. Tel: (0628) 74433 or 22131

BUCKINGHAMSHIRE - NEAR BEACONSFIELD
A Grade II spacious barn conversion, sympathetically restored and set in open countryside.
2 reception rooms, 4 bedrooms, 2 bathrooms. Garaging. Gardens. Further land and outbuildings available.
Region £200,000-£250,000.
Beaconsfield. Tel: (0494) 677744

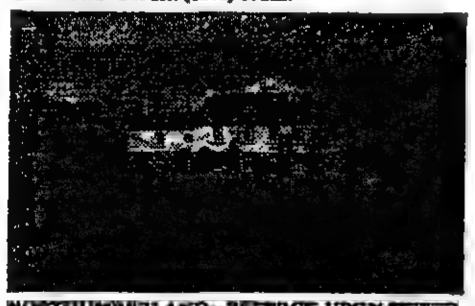
KENT - BICKLEY
Central London 10 miles. (Victoria 15 minutes).
Historic Grade II Listed Elizabethan house of great character.
4 reception rooms, 8 bedrooms, 4 bathrooms. Approx 7,000 sq. ft. Walled garden. About ½ acre.
Excess £500,000.
Chislehurst. Tel: 081-468 7966

ESSEX - GREAT DUNMOW
Bishop's Stortford 9 miles. (Liverpool Street 35 minutes). M11 9 miles, Stansted 8 miles.
A most attractive 16th Century family house.
Hall, 3 reception rooms, 5 bedrooms, bathroom. Garaging. Garden.
Region £350,000.
Great Dunmow. Tel: (0371) 872117

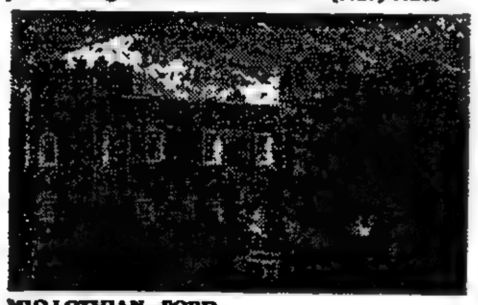
HERTFORDSHIRE
Buntingford 3 miles. Hertford 8 miles.
A very fine former mill house on the River Rib.
4 reception rooms, 6 bedrooms, 3 bathrooms. Staff flat. Heated pool. Tennis court. Garaging. About 2¼ acres.
Region £650,000.
Bishop's Stortford. Tel: (0279) 758383
Joint Sole Agents: Strutt & Parker. Tel: (0727) 40285

HERTS/ESSEX BORDERS
M11 6 miles. Bishop's Stortford 7 miles.
An exceptional Victorian residence with cottage.
4 reception rooms, 7 bedrooms, 4 bathrooms. Gymnasium. Garaging. Stables. Heated swimming pool. Tennis court. About 3 acres. Further grazing available.
Region £650,000.
Bishop's Stortford. Tel: (0279) 758383.

MID SUFFOLK
A painstakingly restored 16/17th Century Listed farmhouse.
Hall, 4 reception rooms, kitchen/breakfast room, galleried landing. 5 bedrooms, 3 bathrooms. Barn. Outbuilding. Moated Gardens. Paddock areas. About 11 acres.
Region £400,000.
Bury St. Edmunds. Tel: (0284) 767338



NORTHUMBERLAND - BERWICK-UPON-TWEED
Outstanding period house with excellent views.
3 reception rooms, master suite, 4 further bedrooms, bathroom. Garaging. Walled garden.
Edinburgh. Tel: 031-220 6665



MID LOTHIAN - FORD
A 16th Century castellated house, only 30 minutes from Edinburgh City Centre.
Hall, 4 reception rooms, 5 bedroom suites, study/bedroom, bathroom. Staff flat. Stable block, paddocks, garden and policies. About 7 acres.
Edinburgh. Tel: 031-220 6665

EAST LOTHIAN - INVERESK
Edinburgh City centre 6 miles.
A fine Listed country house in need of modernisation.
Hall, 3 reception rooms, 5 bedrooms, 2 bathrooms, flat. 3 cottages. Woodland and parkland. Outline Planning Permission for 2 houses. About 10½ acres.
For Sale as a whole or up to 5 lots.
Edinburgh. Tel: 031-220 6665

Head Office: 6 Arlington Street, St James's, London SW1A 1RB. Tel: 071-493 8222 Telex: 25341 Fax: 071-491 3541.
HAMPTONS RESIDENTIAL: OFFICES IN ENGLAND AND SCOTLAND, THE CHANNEL ISLANDS, EUROPE AND THE FAR EAST.

Jackson-Stops & Staff

Devon, South Hams, 8 acres

Dartmouth 3 miles.

A compact Listed Georgian country house with unspoilt sea views and beautiful mature gardens and grounds.

3 reception rooms, kitchen/breakfast room with Aga, garden room, 5 bedrooms, 2 bathrooms. Integral (self-contained) 2 bedroom flat. Detached 3 bedroom cottage. Useful outbuildings including stables. Beautiful gardens around 3 walled enclosures. Walled kitchen garden, paddock, orchard and stocked lake.

Apply: 10 Southernhay West, Exeter EX1 1JG.
Telephone: (0392) 214222.

South Devon, 22½ acres

Maidencombe. Torquay 1½ miles. Exeter 14 miles.

A splendid family house, the former home of Rudyard Kipling, with uninterrupted sea views, a cottage and three flats.

4 reception rooms, kitchen/breakfast room, cloakroom, domestic offices, 5 bedrooms, 3 bathrooms (1 en suite), cellar. 3 flats and detached cottage. Large garage, greenhouses, lookout folly, grass tennis court. Beautiful mature gardens and grounds, paddocks.

For sale as a whole or in 2 lots.

Apply: 10 Southernhay West, Exeter EX1 1JG.
Telephone: (0392) 214222.

North Cotswolds

Maugersbury, Stow-on-the-Wold 1 mile.
Kingham Station 4½ miles (Paddington 75 minutes).

An exceptional Listed country house with outstanding views.

3 reception rooms, conservatory, 6 principal bedrooms, 5 secondary bedrooms, 4 bathrooms. Stone stable block and garaging. Self-contained flat. Period stone barn with potential for conversion. Superb gardens, all-weather hard tennis court. 2 acre paddock available.

Apply: Market House, Chipping Campden GL55 6AJ.
Telephone: (0386) 840224.

Glos/Worcs Borders, 177 acres

Broadway 3 miles. Stratford-upon-Avon 13 miles.
Evesham 4 miles (Paddington 90 minutes).

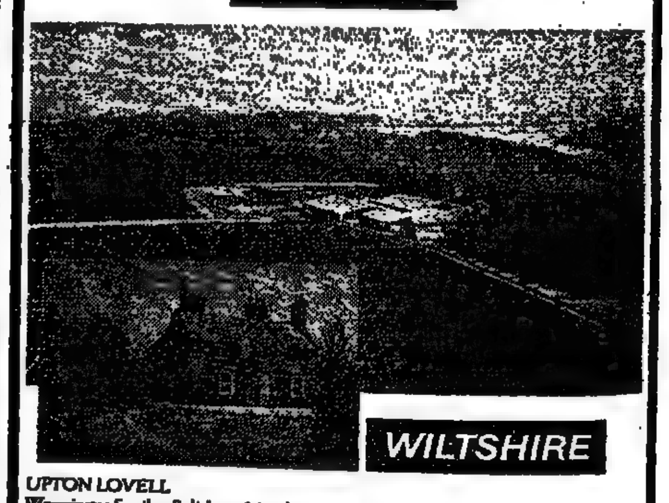
A well situated residential farm with 6 bedroom farmhouse and courtyard of Cotswold period barns having permission for residential conversion. Considerable scope for development and improvement. Total area 177 acres.

For sale as a whole or in lots.

Apply: Market House, Chipping Campden GL55 6AJ.
Telephone: (0386) 840224.

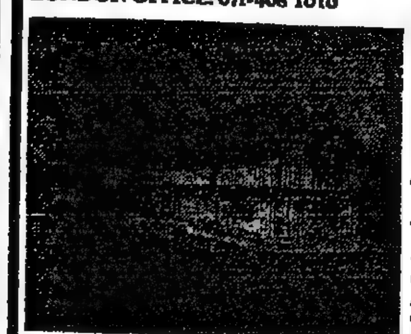
Joint agents: Egerton. Telephone: 071-493 0676.

CLUTTONS



WILTSHIRE

UPTON LOVELL
Warminster 5 miles. Salisbury 14 miles.
Exceptionally well equipped Dairy and Arable Farm.
4 bedroomed farmhouse. 5 cottages. Dairy Unit for 250 cows. Grain storage for 750 tons. Over 1m. litre milk quota.
663 Acres
For Sale as a Whole or in 13 Lots.
BATH OFFICE: (0225) 447575
LONDON OFFICE: 071-408 1010



KENT

NORTH DOWNS
Exceptional Grade II* manor house in delightful rural setting adjoining orchards.
4 receptions, kitchen/breakfast room, 2 bedroom suites, 4 further bedrooms and 2 bathrooms. Thatched barn with garaging. Stable block. Garden and paddocks.
About 6 Acres.
CANTERBURY OFFICE: (0227) 457441

HAMPSHIRE

NEAR WINCHESTER
An attractive Georgian house on the edge of a village.
3 receptions, kitchen, cloakroom, utility room, cellar, 5 bedrooms, 2 bathrooms. Barn. Garden.
In all about 1.38 Acres.
LONDON OFFICE: 071-408 1010

BIDWELLS
Chartered Surveyors

THE MEDDLER ESTATE AND STUD
Newmarket, Suffolk

A FINE 721 ACRE RESIDENTIAL SPORTING ESTATE AND STUD WITH UNIQUE POTENTIAL FOR EXPANSION

Queen Anne style house with 8 bedrooms and staff flat with fine views over stud and farmland. Tennis court and swimming pool. Stud house, farm house, 2 cottages, bungalow.

Stud offices, 89 boxes, approximately 150 acres of stud land. 230 acres of sheltered land suitable for stud expansion and 290 acres farmland all with irrigation.

72 acres of mature woodland. FIRST CLASS SHOOT.

Bidwells Cambridge (0223) 841842

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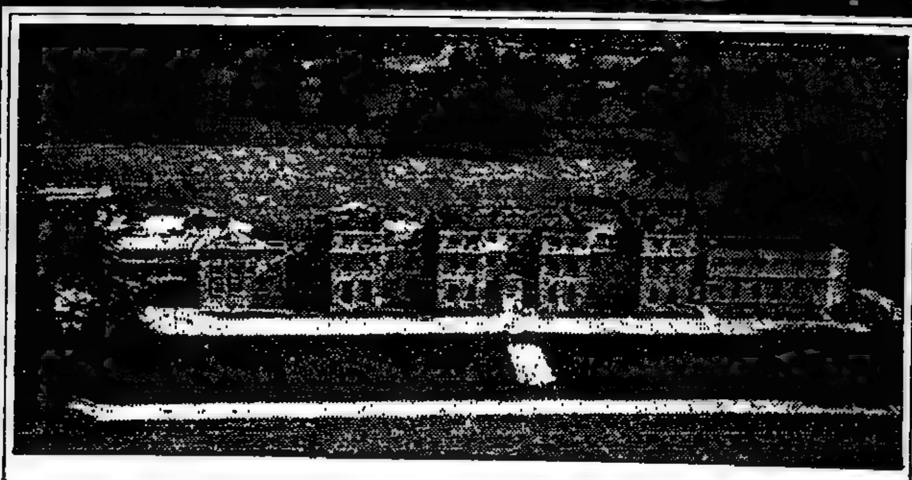

WOKEFIELD PARK
Nr READING — BERKSHIRE

A SUPERB CONFERENCE/HOTEL AND LEISURE OPPORTUNITY SITUATED IN THE HEART OF THE THAMES VALLEY. PLANNING CONSENT FOR FURTHER CONSIDERABLE DEVELOPMENT AND AN 18 HOLE GOLF COURSE.
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City, EC2 Chelsea, SW3 [illegible]

LONDON PROPERTY

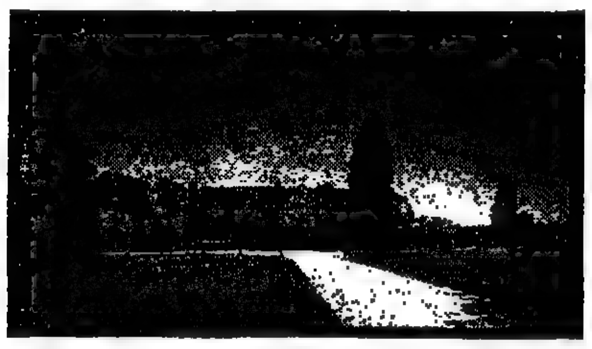
Harrods ESTATES

SUNNINGDALE, BERKS. For refurbishment and improvement, six bedrooms, four bathrooms, four reception rooms, breakfast kitchen, utilities and cloaks. Grounds of about 1.25 acres with long frontage, garaging and outbuildings.

WARE, HERTS. A Grade II 16th Century watermill with detached cottage, six bedrooms, four bathrooms, three reception rooms, breakfast room, kitchen and utilities. Cottage with four bedrooms, two bathrooms, two reception rooms. Grounds include garaging, formal gardens, paddock and river bed with fishing of about 2.3 acres.

TENTERDEN, KENT. A 16th Century manor house and farm, six bedrooms, five bathrooms, four reception rooms, breakfast kitchen, indoor pool, sixty foot games room. Converted period barn with four bedrooms and two receptions. Modern farm building and stabling. Long drive, formal gardens and paddocks of about 57.5 acres.

ST. GEORGE'S HILL, SURREY. A strikingly designed family house close to the Golf Club. Five bedrooms, five bathrooms, four reception rooms, study. Leisure complex with pool, sauna, spa bath and galleried games area. Self contained staff flat, two garages and comprehensive domestic offices. Landscaped well screened grounds of about 1.5 acres.



HURLEY, BERKS. Close to the Thames, a Grade II 14th Century tithe barn converted and extended to a fine house, six bedrooms, four bathrooms, five reception rooms, vaulted hall, domestic offices and staff flat. Walled grounds of about 2.5 acres with formal gardens, lych gate, Grade I dovecote, pumphouse, heated pool, carp pond and partially constructed squash court.

STOKE POGES, BUCKS. A 17th Century house about 22 miles from central London. Six bedrooms, three bathrooms, three reception rooms, study, breakfast kitchen and usual offices. Detached cottage, orangery, heated pool, hard tennis court, paddock and walled formal garden in all about 3.75 acres.

COVERACK, CORNWALL.
A period five bedroom house overlooking the renowned bay in 0.25 acres.

FOWEY, CORNWALL.
A stone farmhouse with four bedrooms, stone buildings for possible conversion, privately lying in four acres.

KINGSWOOD, SURREY.
Six bedrooms, four receptions, staff flat, heated pool in 1.5 acres.

WENTWORTH, SURREY.
On the golf course with seven bedrooms and staff flat in three acres.

HADLEY WOOD, HERTS.
Next to the golf course, with four bedrooms, two bathrooms, four reception rooms and scope for extension.

HARRODS ESTATES
61 Park Lane, Mayfair, London W1Y 3TF. Fax: 071-495 0637.
071-495 3660
Also at Harrods Banking Hall, Knightsbridge SW1X 7XL.

CHARLES II PLACE.
CHELSEA, LONDON SW3.

A development Charles III would approve of

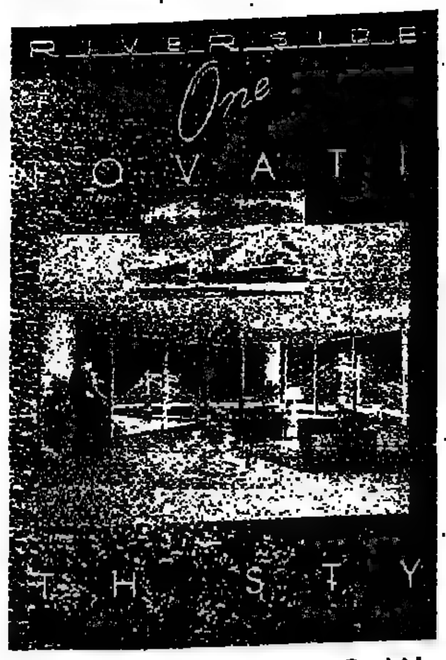
Imagine a private courtyard off Kings Road, Chelsea, close to Sloane Square, where there are houses adorned with a profusion of ornamental features as well as having all the practical necessities for London living.

Features include 3-4 bedrooms, garages, gardens, conservatories, hand crafted kitchens, freehold, a resident caretaker and extensive security.

Prices from £545,000. Telephone 071-351 9151 for a private viewing of the showhouse open **Monday-Saturday 11-5, Sunday 1-5.**

HIRSHFIELDS 071-935 0190 | ALLSOP 071-584 6106 | Jackson-Stops & Staff 071-581 5402

INNOVATION WITH STYLE



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DESIGNED BY NORMAN FOSTER OVERLOOKING ALBERT BRIDGE

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125 YEAR LEASES
EXCEPTIONAL SECURITY & ADVANCED TECHNOLOGICAL COMMUNICATIONS
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A DEVELOPMENT BY BROOKGREEN GROUP
SHOW FLAT OPEN DAILY 11.00 am–5.00 pm

DRUCE 071 581 3771

A VILLAGE IN THE HEART OF LONDON

The Hyde Park Estate is a peaceful and prestigious residential district with a wide variety of local shops and restaurants but within a short distance from Marble Arch and Oxford Street, and with Hyde Park just a few minutes walk away. The City is but 20 minutes via the Central Line.

Flats are currently available in the modern blocks on the Hyde Park Estate, all of which have just undergone a complete and imaginative renewal of the superb entrance halls.

There is a choice of 1, 2, 3 and 4 bedroom apartments on 95-year leases with 24 hour porterage, lifts, access to private gardens and underground parking spaces to rent.

PRICES RANGE FROM [illegible]

For full details of available apartments please contact:

PRUDENTIAL Property Services

[illegible] Hyde Park, London W2 [illegible]

WESTMINSTER ON YOUR DOORSTEP

A new development of luxury 1 and 2 bedroom Flats with only 50% remaining and priced competitively, with the City of Westminster Community Charge. Situated close to Victoria Street and the Houses of Parliament, within the Division Bell Area. Fully Carpeted throughout, Entry Telephones, Resident Caretaker, Fully Fitted Kitchens. Garage. Parking Spaces available for each with Electric Security Gate. Excellent business community and company use. New Crown Estate 99 year leases.

Prices from £145,750
SHOW FLAT OPEN DAILY

THE CROWN ESTATE

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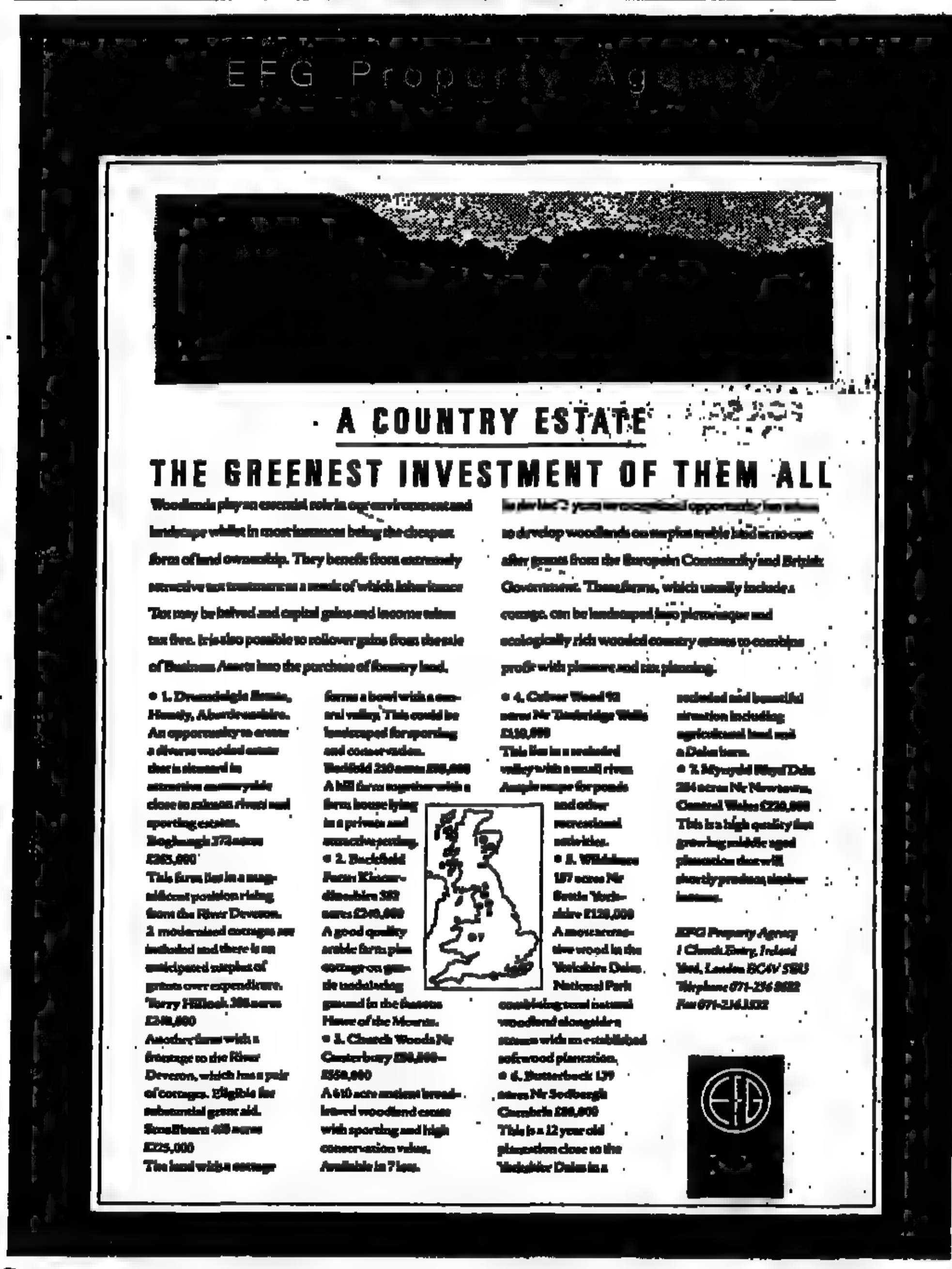
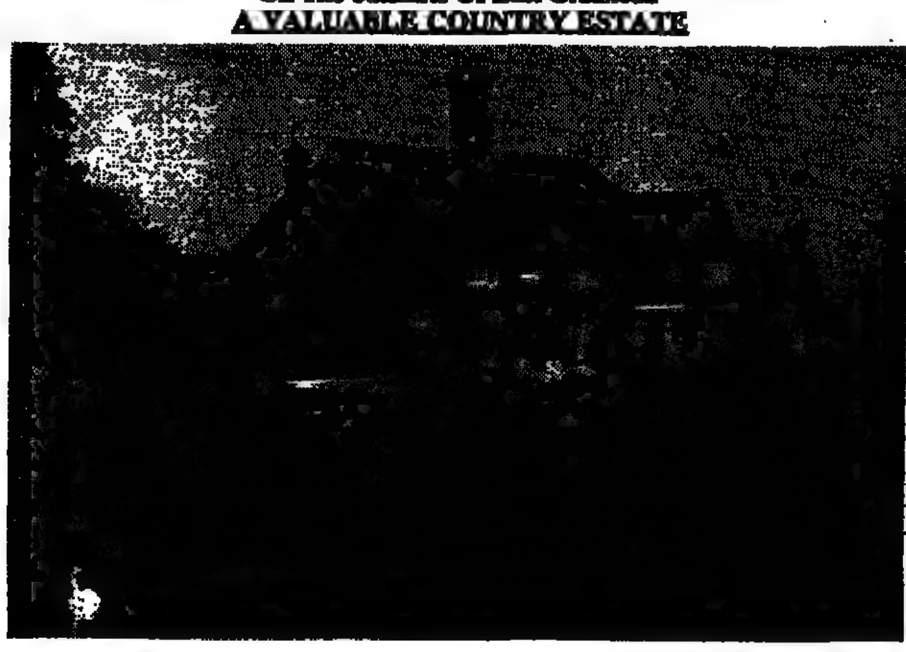
Tel: 071-408 1010

COUNTRY PROPERTY



WEST SUSSEX

On The outskirts Of East Grinstead
A VALUABLE COUNTRY ESTATE



with considerable medium term potential.
At present comprising Working Arable Farm
Magnificent Period Farmhouse with 5 Bedrooms,
Swimming Pool & Lake also
Detached Farm Bungalow with Extensive Bldgs
Some Pasture & Amenity Woodland
IN ALL ABOUT 211 ACRES
TAYLOR TESTER, East Grinstead. Tel: (0342) 324478

COUNTRY PROPERTY

MATCHING GREEN - WEST ESSEX

Beautiful 4 bed converted farm house situated in picturesque village, 45 mins from London.
Huge reception room with fire place, planning permission applied for separate 2 bedroom "granny" house. Set in Hohn Brooks designed Garden plus 4½ acres of land with X-country jumps, 4 stables, large haystore/parking, with room for 4 more stables. Oly 7 minutes from M11, 20 minutes Stanstead Airport.

Phone (0279) 731433

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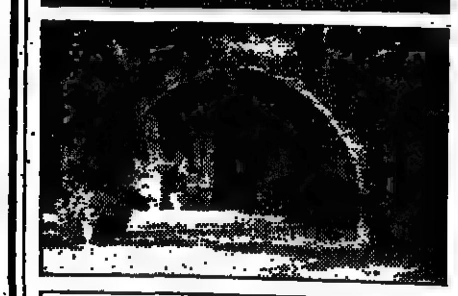
SOTHEBY'S INTERNATIONAL REALTY

Exceptional houses and estates in Europe

Son Servalia, Esporlas, Mallorca. Built by the Moors on a Roman site, this historic house enjoys a splendid situation above the Mediterranean. 30 minutes from Palma. 5/6 bedrooms, swimming pool, 18,000 square metres of land.
Ref: 1940021.

Los Monteros Villa, Marbella, Costa del Sol. An exceptional 7 bedroomed house 5 minutes from the beach. A large garden with swimming pool and nearby the sporting facilities offered by Los Monteros.
Ref: 1920016



Domaine de "Can Sola", Llinars, Barcelona. A nineteenth century farmhouse surrounded by delightful gardens and 8 hectares of pine woods, with exceptional views of the Mediterranean, 36 kilometres from Barcelona. 5 bedrooms, 2 separate apartments and staff quarters.
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INTERNATIONAL PROPERTY

For details rates please phone

071-873 4839.

COUNTRY PROPERTY

SAVILLS

KENT About 790 ACRES

The Rushmore Hill Estate

Sevenoaks 4½ miles, M25 3½ miles, City of London 18 miles, Dover 45 miles.

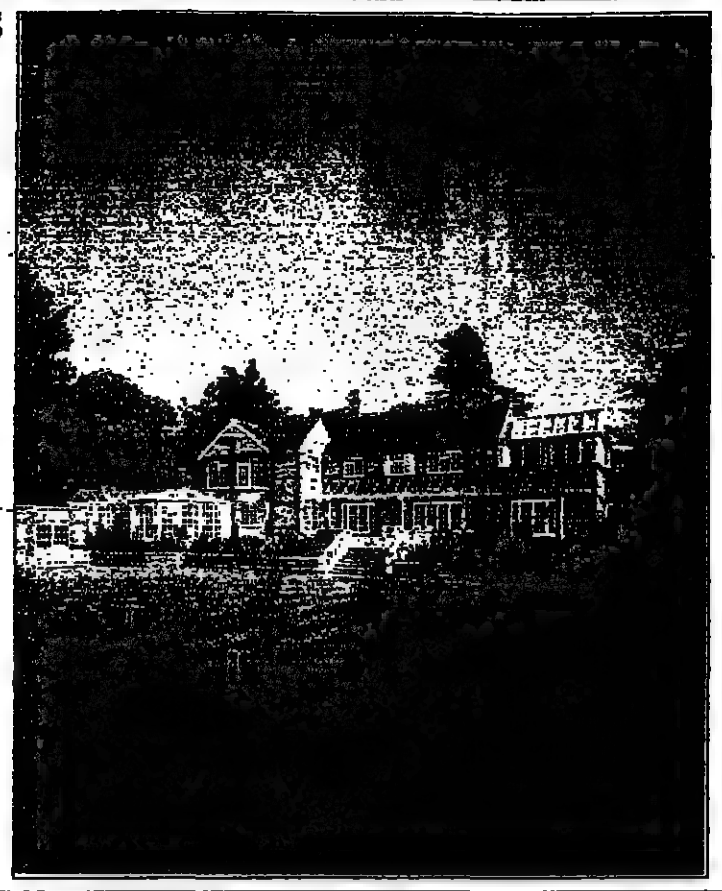
An immaculate country estate 18 miles from Central London offering every conceivable luxury.

Principal house with 7 bedrooms, separate guest house. 7 cottages, superb stock farm, model farm buildings.

Quality pheasant and partridge shoot. Trout and coarse fishing.

Savills, Sevenoaks. Tel: (0732) 455551. Contact: Richard Page.

Savills, London. Tel: 071-730 0822. Contact: James Jackson.



AVON – Tormarton, Near Badminton

Bath 8 miles, Bristol 11 miles, M4 Junction 18 – 2 miles, London Paddington 65 minutes.

A substantial classical, grade II listed country house. Dating from the early 16th century, surrounded by mature gardens. Set in the conservation village of Tormarton.

Entrance hall, 3 reception rooms, 11 bedrooms, 4 bathrooms, domestic offices. Coach house and stables incorporating 2 self contained flats. Traditional stone barn, converted as a library. Garages, various further outbuildings, walled garden and mature gardens amounting to approximately 5 acres.

Offers in the region of £1,250,000.

Contact: Harry Downes. Savills, Bath. Tel: (0225) 444622. William Montgomery, Sotheby's. Tel: (0247) 74666.

WEST SUSSEX – Near Pulborough

Pulborough 2½ miles, Victoria Station 70 minutes.

Georgian house with mill pond, trout lake and highly regarded vineyard.

Lot 1: Hall, 5 reception rooms, conservatory, master bedroom suite, 5 further bedrooms and 2 bathrooms.

Ruin of Domesday water mill, mill pond and trout lake. Hard tennis court. Attractive garden and outbuildings.

About 6½ Acres.

Lot 2: Vineyards, orchard, old windmill and separate access.

About 23½ Acres.

The property is available as a whole or in 2 lots.

Savills, London. Tel: 071-730 0822.

Contact: Paul Finnegan or Sarah Adams.

HAMPSHIRE – Clanville

Andover (Waterloo 70 mins) 5 miles, A303 (linking M3) 3 miles, London 73 miles.

Elegant Queen Anne house, listed grade II with attractive grounds.

Reception hall, 4 reception rooms, 8 bedrooms, 4 bathrooms.

Former stable block with potential for conversion (subject to consent).

Hard tennis court.

Delightful gardens and grounds with lime tree walk and bluebell wood.

About 6.8 Acres.

Region of £775,000.

Savills, Salisbury. Tel: (0722) 20422.

Contact: Christopher Lacy.

ISLE OF MULL – Bunessan 1,500 ACRES

A historic sporting and amenity estate with outstanding development potential in a spectacular coastal situation on the Ross of Mull peninsula.

Attractive timber built lodge, 3 reception rooms and 3 bedrooms.

Former shepherds cottage and farm steading suitable for conversion.

A natural wildlife haven with an abundance of birdlife and wonderful mix of sport including deer stalking, salmon and sea trout fishing and brown trout fishing.

For sale as a whole with vacant possession.

£450,000.

Savills, Edinburgh. Tel: 031 226 6961

Contact: Jamie Macnab.

SOUTH DEVON – Dartmouth

Dartmouth 3 miles, Totnes 11 miles (Paddington, 2½ hours). Exeter 38 miles.

An exceptional period coastal property with spectacular sea views, glorious gardens and grounds, with 2 cottages and private beach.

4 reception rooms, 6 bedrooms, 4 bathrooms, conservatory, games room. Abundantly stocked sub-tropical gardens, walled kitchen garden, grazing and foreshore. About 32 acres in all, including sandy beach. Tennis court. Covered heated swimming pool. Guest or letting cottages.

For sale by private treaty.

Joint Agents

Savills, Exeter. Tel: (0392) 411771.

Contact: Alexander Goulding

Stratton Creber

Plymouth. Tel: (0752) 666555.

SUFFOLK – Hadleigh 145 ACRES

Hadleigh 2 miles, Ipswich 8 miles, Colchester 11 miles (Liverpool Street Station 50 minutes).

Outstanding residential sporting estate positioned in commanding river valley setting.

5 reception rooms, 7 principal bedrooms, 6 bathrooms, 4 attic bedrooms.

Stable block with flats. Stabling. Barns and outbuildings.

Tennis court. Mature gardens. Orchards. Ponds.

Woodlands.

For sale by private treaty.

Offers invited.

(Further 455 acres available in lots).

Savills, Ipswich. Tel: (0473) 226191.

Contact: Peter Start or Mark Oliver.

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Stevenage 6 miles (Kings Cross 25 mins)

Central London 35 miles

Superbly appointed village house in immaculate condition set in one of Hertfordshire's most picturesque country locations, yet close to all amenities

Reception Hall, Drawing room, Dining Room, Study, Playroom, Kitchen/Breakfast Room, 5 Bedrooms, 3 Bathrooms, Double Garage, Games Room, Grounds of half an acre.

Vacant Possession

Region of £525,000 Freehold

Apply Connell Estate Agents, 8 Market Place, Stevenage. Tel: (0438) 318080

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THE HOCKERING - WOKING - SURREY

A magnificent house with accommodation of the highest standard and aspects over parklike grounds.

PRICE £975,000 FREEHOLD

Contact:- Prestige Homes, 7/9 Baker Street, Weybridge, Surrey.

Telephone: 0932-857077

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One off chance to purchase cottage in country park. Ground floor, living Rm, Kitchen, Dble garage., 1st floor: 2 beds, bathroom, ½ acre, Planning consent for extension. Secluded & Private.

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RETIRE IN COMFORT - ENTERTAIN IN STYLE

Mild climate, very private location, only five minutes walk to the town centre. 6 double bedrooms (3 en-suite), 4 reception rooms, parking for 10 cars, garaging, 3 balconies, 2 sun patios, spectacular barbecue terrace area overlooking the water, ½ acre gardens, gas c.h., excellent order throughout.

Offers in excess of £560,000

Contact Agents: Michael Weller & Co.

Tel. Salcombe (054 884) 3246

Fax. Salcombe (054 884) 3561

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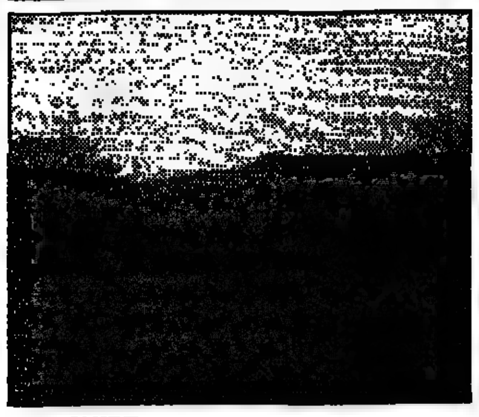
071-629 7282



WILTSHIRE. - Dorset Borders. Berwick St John 2 miles. Shaftesbury 6 miles. Salisbury 15 miles. THE FERNE ESTATE. An outstanding opportunity to build a principal house in the centre of this historical Estate. Former Mansion Site with Grounds and Gardens. A superb range of traditional stone Estate buildings. Walled Garden. 132 acres of parkland. 25 acres of Arable land. 71 acres of woodland. In all about 229 acres within a ring fence. Salisbury Office: Tel: (0722) 28741.

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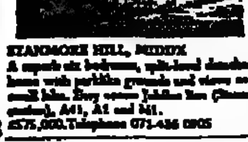

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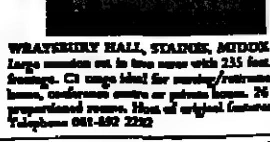

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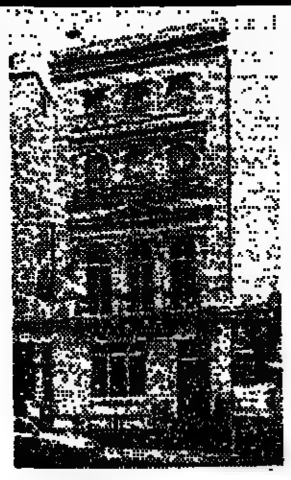

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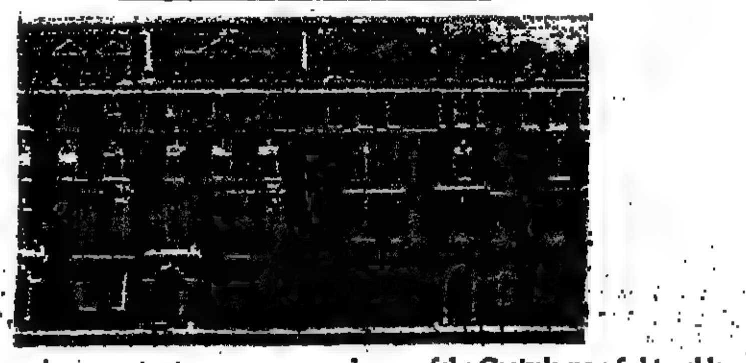

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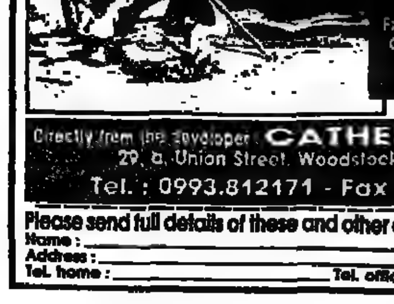

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PERSPECTIVES

Rivers of the East

Red tape and a Bohemian rhapsody

ON MY birthday, fishing the Otava River near Czechoslovakia's south-western border, I caught a kayak propelled by two muscular Bohemian girls. I also landed a dozen trout, golden and speckled – to my eye more handsome than the flustered canoeists. The day was gorgeous; the river and the surrounding Sumava Mountains were pleasures to behold. On balance the effort to get there had been worth while.

That effort, however, had been considerable. Fishing should be a simple business, but in Bohemia, at least, it is far from that. Indeed, had it not been for the help of my friend, Tomas Kroupa, I doubt if I could legally have wet a line.

On the day I applied for my licence, responsibility for issuing them had passed from the fishing association to the tourist authority, Cedok. To get the document I had to drive to two Cedok offices, 40 miles apart, the first not being equipped with the correct documentation. Having completed a lengthy form, and handed over $68 I thought I was ready for business.

Not so. First, a tangle of regulations had to be explained. I could fish for no more than three days in any one week, only in western Bohemia, and only on the waters specifically designated for trout – notification being nailed to a tree beside the relevant stretch of river. I must carry certain items of equipment, including a tape measure. Before fishing I must complete a form, identifying the place and quarry.

By the time I managed to cast a line – on a little stream called the Mze, near the spa town of Marianske Lanze – I felt as if I had just completed an unusually complex Inland Revenue return. But from then on, matters improved – the Mze, winding a rocky path through a quiet valley, was full of plump grayling, eager for a dry fly. On both my visits it gave joyous sport.

In between, we drove to the Otava, a more substantial river but still modest in scale in its upper reaches. There I had an unusual and pleasurable experience. Those who fish with me in England will testify that I am no expert. I have stacks of equipment, a modicum of knowledge of insects and techniques, and enthusiasm in abundance. But long ago I resigned myself to the absence of that spark of inspiration which characterises the truly accomplished trout fisherman

But on the Otava, I found that the trout liked English flies – more, in fact, than Bohemian ones. My successes, mainly with mayfly nymphs, sedge pupae, and outlandishly uncouth dry sedges, created a stir. The flies were examined, with exclamations of surprise. Fly tying equipment was produced and imitations were soon rustled up. I felt stirrings of patriotic pride.

Here, I also learned how different are the ways of fishermen from different lands. In Bohemia, it is considered entirely in order for one angler to move into the water a few yards from where another is already in action – behaviour which in England would cause a clash of waders, and raise the prospect of gaffs at dawn.

On the one occasion, fishing a particularly delicious run, I looked round to see an invader splashing into the stream a little way above me. "Oi," I shouted in my English way. I had forgotten that in Bohemia the universal greeting is "Ahoy" which – across the noise of running water – sounds pretty much the same as my cry of outrage. The invader raised his hand in greeting, and smiled the smile of the anglers' brotherhood. And I remembered my manners.

Accompanied by my new-found reputation for expertise, I went east, to Slovakia. There, I was relieved to find, they manage fishing licences, and most other matters, very differently.

Within 20 minutes of arriving in a village beneath the High Tatras, I had a licence (costing the equivalent of £5 sterling and no nonsense about dollars). Ten minutes later the wife of the licence issuer produced fried trout, potatoes and vodka. Half an hour after finishing that, I was on the banks of a mountain stream. And 10 minutes later – believe it or not – I was landing a silver, spotted grayling.

Having fished in Poland with the captain of their fly fishing team, it was only proper that my companion in Slovakia should be the Czechoslovak captain, Pavel Janicek. Communication between us presented certain difficulties, being perforce conducted in German, a language which I abandoned after shameful failure at O-level 23 years ago.

However, the international nature of trout fishing, combined with my host's genial determination to make me understand, aided by a steady flow of beer and fiery Slovakian spirit, demolished the obstacles between me and enjoyment of this most lovely of mountain regions.

Unfortunately, melting snow from the Tatras had rendered two of the major rivers on my itinerary – the Vah and the Poprad – out of order. But I had great fun with the trout and grayling of the smaller streams, on which English dry flies again scored considerable success.

I was also taken to the Dunajec, which is mainly a Polish river, but which for a few miles marks the border and can therefore be fished – up to halfway across – from here. There was something oddly familiar about the place. I found, after consulting maps, that a few short weeks and a thousand miles ago, I was casting into it from the Polish bank.

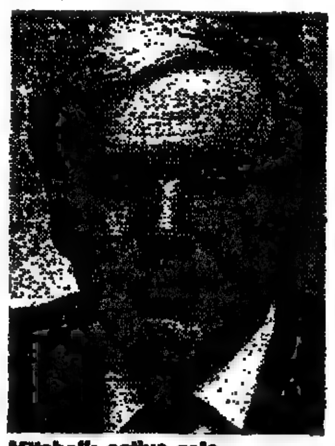
On that occasion, I caught nothing, and I remember thinking how much more attractive the far side looked. There may have been something in it, for now – on the Slovak bank – I fished down a long pool and a succession of good grayling came to the net, until the sun died behind me, the valley fell into shadow and the fish – realising that it was 9 pm, regulation closing time for Czech anglers – stopped taking.

Tom Fort

Active Citizen

The participation approach

ONE in four adult males in Britain have been involved in the Scout Movement at some time in their lives. They include Neil Kinnock, Leader of the Opposition (although he admits he never got beyond the Cubs), Sir Geoffrey Howe, the deputy prime minister, and nature's public relations man, David Bellamy.



Mitchell: active role

David Mitchell, aged 53, was also a Boy Scout. And like so many men in their middle years he retains fond memories of days spent in baggy shorts.

Now that the scout movement has launched a 1990 special appeal for £10m, primarily to finance new scout groups in the inner cities, Mitchell feels he is in a special position to help. His particular lever is his ability to assist from his position as chief executive of the Calor Group, which employs 3,600 people in Britain and has an annual turnover of £300m.

The essence of his approach to giving, he says, is "participation rather than donations."

The strategy he has worked out involves him and his board deciding each year what would be a reasonable sum for Calor to give to charity. A network of charitable committees he has established throughout his company's regions then works out projects with the employees to use the company's money to best advantage.

He has decided to put the main weight of his company's charitable effort for this year behind the scouts' cause. That will mean that the scouts' special appeal can expect to benefit to the tune of about £200,000 from this one source alone.

However, Calor will only contribute £20,000 from company funds towards that target. Mitchell's strategy is to use the company money to finance many charitable promotions inspired by his employees in the company's six geographical regions.

In the north east, for instance, Calor people will drag a one-tonne liquified gas tank on a trolley from Chesterfield to Gateshead in their own time to collect donations for the scouts. It is anyone's guess how many times the tank will be filled with money during the journey.

Mitchell arrived at Calor from the Shell executive cadre 21 years ago. He moved up through the ranks to run the company. He is an unusual chief executive in that he has thought through his own solution to the perennial problem of how a big business should support charities.

Mitchell has developed a strategy in which his employees "have a say where the money goes" and, by their own efforts, contribute an impressive added value multiple to the money that the Calor board donates to charity each year.

Typically, he says, the multiple is between three and four times the cash that the Calor board urged on by Mitchell, decides to put to charitable causes. The company's annual charitable contribution from its profits is currently between £50,000 and £70,000.

It is not a simple system to operate. Mitchell is the first to admit that multiplying the company's basic charitable contribution by employee effort involves time and effort at all levels.

Mitchell himself spends several hours a week of his executive time managing the Calor charitable drive.

"It all started ", he says, "because I was perplexed by the difficult question of shareholders' funds. How much of those funds should the board of the company properly be giving away to charity?"

Mitchell sums up his company's philosophy towards giving to charity like this: "We plough an unusual furrow here. The company does not give very large sums of money to charity. But the the money we do allocate is used within the company culture as the seed corn to raise much larger amounts for the causes that the company and the employees together agree to help."

Roy Hodson

Despatches

The dilemma of a journey home

AT FIRST glance, Dushanbe, the capital of Soviet Tadjikistan, seems a strange place to want to leave. The city was built up by the Russians against a background of snow-capped mountains, and then filled with tidy avenues lined by tropical flowers and sun-bathing pensioners. Its markets are piled high with pomegranates, apricots and fresh Afghan-style bread, and the population on the streets seem as cosmopolitan and colourful as any downtown suburb of New York or Toronto.

More than 100 years ago, the Russians first swept into Central Asia in a wave of confident colonial conquests. They established an empire, built cantonments and opera houses, and then transformed this into a part of the Soviet Union with a neat historical sleight of hand. In the process they also deposited large numbers of Russians there, as technicians, administrators, or simply exiles.

A hundred years later, in the turmoil of perestroika and nationalism, many of their descendants clamour to return to Russia. On paper it seems a logical conclusion to a crumbling empire. In practice it is presenting grave problems, not only for the Soviet leadership which is already beleaguered by ethnic reshuffles, but above all for the stranded Russians, who are discovering that returning to their "homeland" is becoming difficult.

The Russians in Dushanbe, would seem to be a case in point. Most of them, (they are about 45 per cent of the city's population,) are trying to leave as fast as the can. "It's all my friends can talk about," said a Russian teacher, herself a third generation "immigrant". "It's like a hysteria."

Why do the Russians want to leave? The most immediate reason is the growing threat of anti-Russian attacks as nationalism spreads and the republic's dire economic situation worsens.

They may be right. Only three months ago violent riots exploded in the city, leaving 22 dead. Although the actual target of these riots was ambiguous, the anti-Russian element was sufficiently explicit to leave many terrified that they might become the victim of pogroms.

But these fears are probably exaggerated. Certainly not all Tadjiks are anti-Russian. In fact nationalism is not simply pitting the Tadjiks against the Russians but dividing much of the Tadjik population against itself. There is now a large gap between the urban Tadjiks and their so called traditional cousins. Many Tadjik intellectuals distrust a nationalist movement which tends to reflect traditional Tadjik values, notably Islamic fundamentalism.

This is scant comfort for the Russians. Even if they can be persuaded that not all Tadjiks are anti-Russian, most are too insecure to want to stay, partly because their position has always been ambiguous. Although they dominated the administration for a period, they never really led the lifestyle of colonial overlords – most of them live in bland Soviet "rabbit hutch" flats.

But in the last few years they have been losing ground, politically, economically, and culturally. Although a few key political posts and industrial sectors are still Russian dominated, most of the administration is now staffed by articulate and assertive Tadjiks. The urban Tadjiks also seem – at least, to the Russians – to be beating them economically.

But having decided to leave, the crunch question is "how?" The queue for freight space to move baggage from the republic is now 18 months long. Finding accommodation in Russia, where nearly all the Russians are hoping to return, is even harder. There is also the very genuine fear that if Soviet economic turmoil leads to massive unemployment recent arrivals will be unable to find jobs there either.

There are also more subtle problems. In spite of their fears about Tadjikistan, many Russians feel ambiguous about their return. "We don't even know Russia," commented a group of Russian students.

So where does this leave the Russians still in Dushanbe? Most of them survey the future fearfully. A few have decided they will not go down without a fight, and are gathering forces. Others are considering moving to areas such as Siberia or even Kazakhstan.

Most of them, however, struggle to return to Russia, terrified that if they do not succeed the consequences will be bloody. Although their return might seem desirable in a long-term historical – or ethical – perspective, in the short term it could be disastrous. Their departure will leave Dushanbe with a serious shortage of skilled personnel. And their arrival in Russian may present the republic with yet another set of problems.

Gillian Tett

Malta in Focus

TRAVEL

There are some odd things about Malta. For example, its national dish appears to be egg and chips. The Maltese have no wish to escape their past altogether, but their island is becoming less isolated and a little bit more like the rest of the modern world. Reports on this page and the next by Nicholas Woodsworth

Old Empires never die, they just fade away

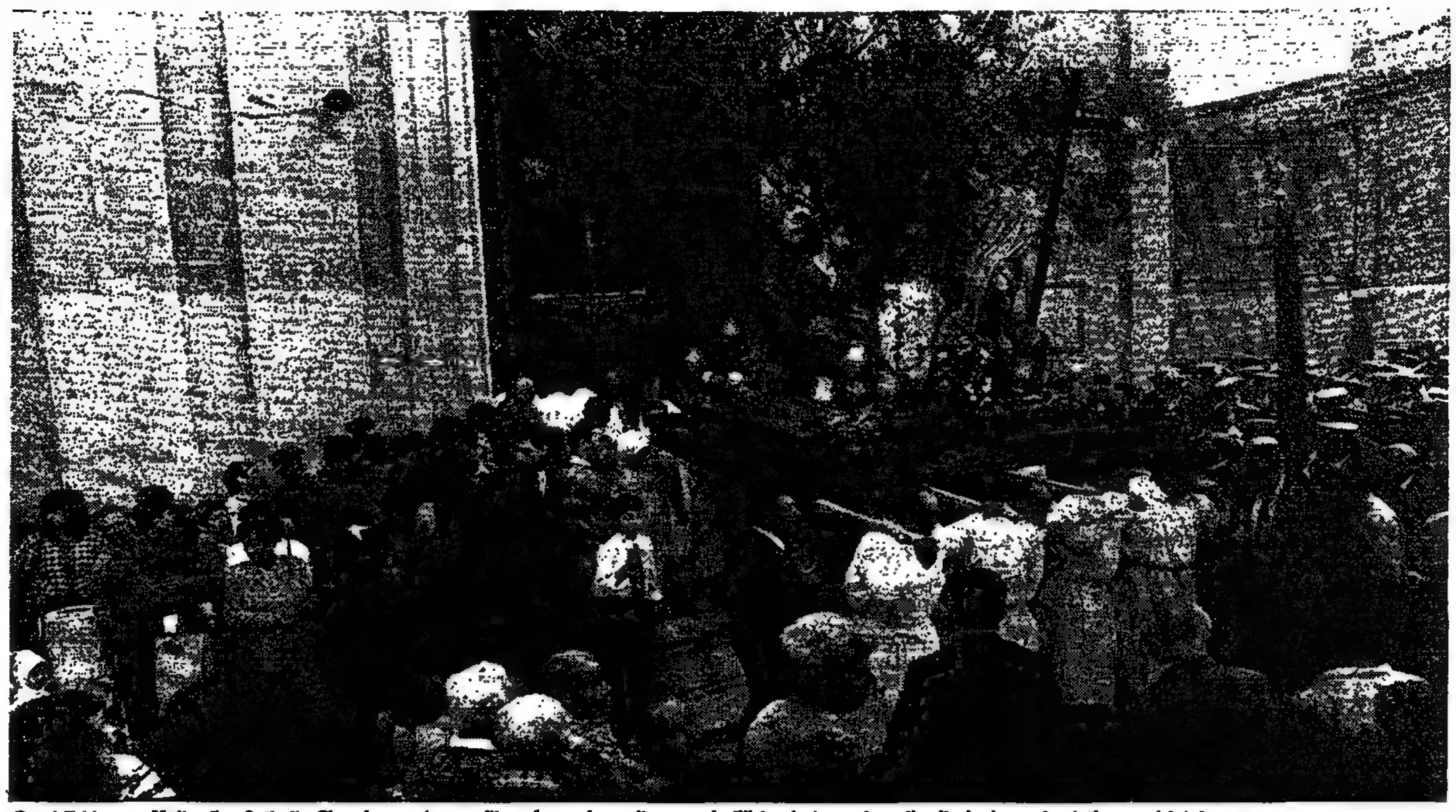
IN STRAIGHT STREET, the once-infamous Valletta alley known to sailors of the Royal Navy as the Gut, the girls have all gone. Where perfume once drifted through open doorways there is now nothing but darkness and the reek of cats. The Old Vic Dance Hall is silent, the tattoo parlour padlocked and the Union Jack and a score of bars and brothels like it boarded up. Empire has not altogether died in Malta, however: it is merely fading away.

On Sunday mornings middle-class remnants of it can be found at St Andrew's Scots Church, just one block away on Old Bakery Street. Here, in an atmosphere of reformed-church austerity unknown anywhere else on this Roman Catholic island, the Rev Colin Westmarland, officiating chaplain, RN, administers to a dwindling congregation of silver-haired men and women.

Retired and ageing they may be. But their military bearing as they rise to sing Psalm 136 from the Union Church of Scotland Hymnal, *Praise God for he is kind, His mercy lasts for aye*, is unmistakable. Not even the hard wooden pews have backs as unbending.

Also unmistakable in the air is the sentiment that, regardless of the recent past, Malta remains somehow British. Independence may have come in 1964 and Britain may have finally lost Malta as a naval and military base a decade ago. But if the island is no longer a sunny outpost of empire, a connection with Britain that lasted 180 years makes it at least a sunny outpost of Englishness where Britons still feel the right to feel at home. For the 2,000 British expatriate residents on the island, living on Malta does not mean adopting local habits or a Mediterranean way of life. On the contrary, the attitudes of the colonial age still seem to prevail.

"One of the most important things about living in Malta," affirms Leslie Powell, vice-chairman of the British Resident's Association, "is that we can live exactly as we do in England. Of course we come here because the taxes are low, the help is cheap, and there's more sunshine than in England. You could say the same of Spain, but where in Spain can you walk into a shop and not have to bother with a foreign language? The Queen is still our Queen, and there's no reason not to speak her English."



Good Friday on Malta: the Catholic Church remains a pillar of popular culture, and still tends towards authoritarianism, absolutism and intolerance

Not all expatriates in Malta carry on like Colonel Blimps on the loose in gin-and-tonic-land, but many do. A large proportion are retired not-so-senior officers whose fixed pensions wouldn't go as far in equally sunny, more expensive parts of the world. But they are happy in each other's company. "Malta for me is the nearest thing to being in the service without being in the service," says Graham Browne, formerly of the Malta Brigade and now treasurer of the Malta branch of the British Legion.

Other expatriates are retired civil servants, refugees from the now vanished colonial administrations of Asia and Africa. Like the ageing soldiers, they too are part of a world that is fast disappearing even in Malta, except perhaps at the Union Club.

The club, long the unofficial headquarters of the British community, is today not quite as exclusive as it used to be; at one point King Edward VII and his brother, the Duke of Connaught, Admiral of the Mediterranean Fleet, both resigned from the club in protest when Sir Adrian Dingli, the most prominent Maltese of the time, was refused entry by local members. The club is still thick with ex-colonels and majors, and if they don't insist on the etiquette of the proper use of rank and title, their wives will.

The Union Club offers tennis, billiards, darts, dining, tombolas, gala soirees and endless rounds of G&T. The most popular activity by far, however, is bridge. "I'm afraid that after a few years it can become an obsession with many of us, especially the wives," laments Rose Powell, who assists her husband by putting out the BRA newsletter. "It starts early in the morning and goes on all day. It isn't healthy."

But it is not bridge that finally will do in the expatriate community; it is old age. A decade ago there were more than double the present number of British residents in Malta. Some left because of uncertainty about the socialist Mintoff Government. "But many of the chappies," says Captain Browne, "have simply fallen off their perch." While new residents do trickle in, Britons buying houses in Malta these days use them mainly as holiday homes. Inevitably the original "sixpenny settlers" – retirees who came out in the sixties and seventies and paid taxes of sixpence in the pound – are a disappearing breed.

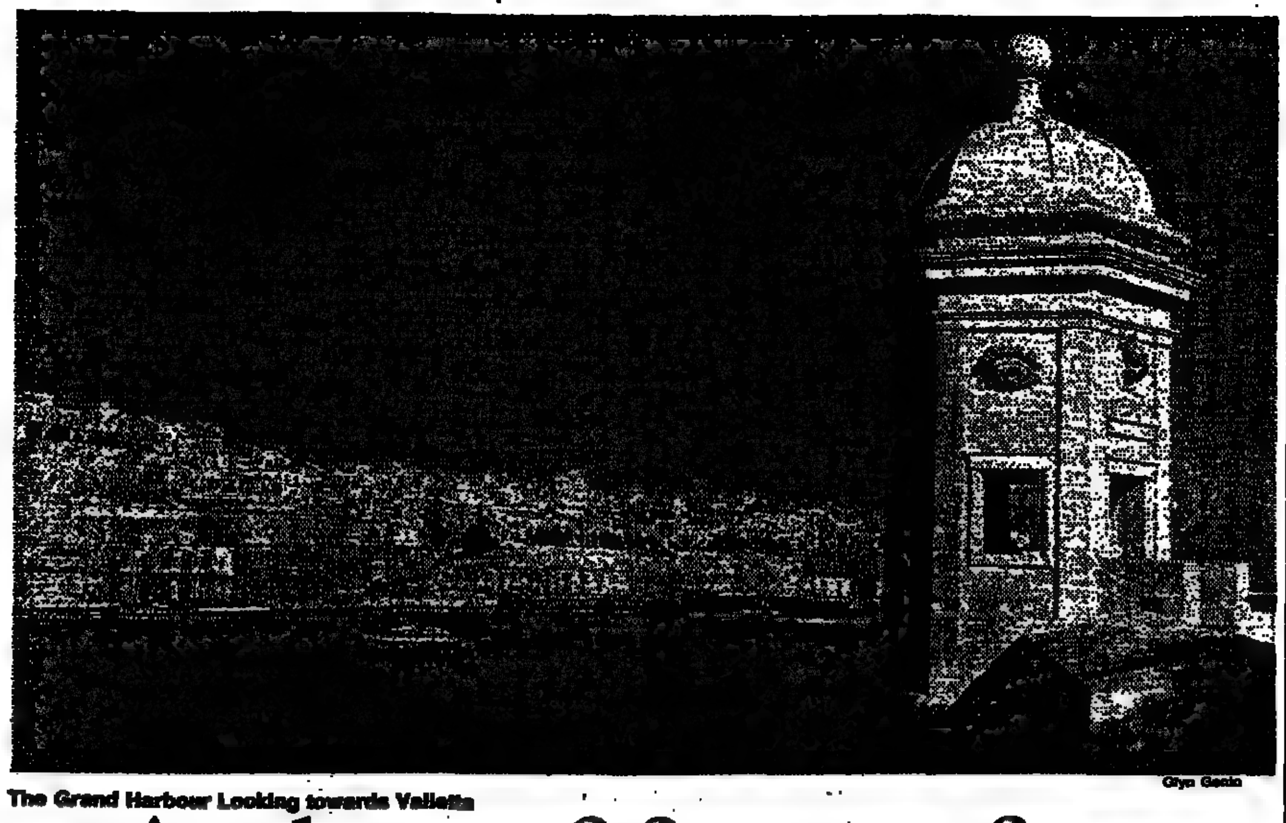
What is not disappearing, to the regret of some Maltese, is the British package tourist. When Britain's use of the island as a naval base was terminated, the Government's response to a declining economy and rising unemployment was the full exploitation of Malta's only resources: sea and sun. Mass tourism became Malta's salvation, but some wonder if the money earned – a week in Malta, airfare included, can cost as little as £130 – is worth the price.

Today, more than 750,000 tourists invade Malta each year, a number more than twice the size of the population. Almost two-thirds of them are British. The type of tourism many of them go in for – "cheap and nasty," as one hotel owner puts it – has given them a boorish reputation. "You just don't see French or German tourists walking tattooed and shirtless down our main streets," he says. "The English aren't interested in our history, our churches or our archaeology. Its the inexpensive beer and cigarettes they like."

British children also like Malta's Splash and Fun theme park with its go-kart track and 18-foot red cement dinosaurs. And at the Outpost Snack Bar near Valletta's military museum, older Britons are enticed into remembering Malta's wartime pounding with the help of an artillery post decor, plates of cold eggs and chips, and frequent repetitions of Vera Lynn's *When the lights come on again all over the world* . . .

■ Nicholas Woodsworth travelled c/o Air Malta. His hotel stays were arranged by the Malta National Tourist Office, Mappin House, 4 Winsley St, London W1 N7AR (tel: 071-323-0506).

MALTA IN FOCUS



The Grand Harbour Looking towards Valletta

Glyn Genin

A place of face-to-face relationships

Three thousand years of foreign rule has not only left its physical traces but has affected the Maltese character

SUCH IS the oddness of Malta that even the least observant tourist there must from time to time pose himself some sticky questions.

How, for example, can islands with such comfortable place names as St Julians, Buskett Gardens and Victoria at the same time accommodate towns like Xaghra, Mqabba and Xewkija? How is it that the Maltese, who live in what must be the plainest box-shaped houses ever built, are surrounded by some of the most elegant baroque churches in Europe? And why, in the very heart of the fishy, garlic-loving Mediterranean, does the national dish appear to be egg and chips?

The answers to all these questions can be found by looking into Malta's history and national identity. But be warned: this is not a task to be lightly undertaken one afternoon at the beach. Malta's past is long and complicated, and while the guide books list 5,000 years' worth of invasion and occupation, few address the question of what the Maltese are really all about.

For that you have to inquire of the Maltese themselves. They might be startled. Most tourists on the island, at least those of the British package variety, ask little of the locals but fast service or cold beer; they then go away complaining that the Maltese are merely a nation of waiters. Ask a few questions about the past, and you'd be surprised at what goes on besides waiting. Malta's politics, religion, architecture, social customs, economy and even its cuisine are all closely linked to its very special history.

Developed societies have existed on Malta since 3,000 BC, when Maltese architects were using sophisticated engineering techniques to erect megalithic buildings for a ruling class of temple priests. But since then Malta has paid the price for its strategic position in the narrow stretch of sea where the eastern and western basins of the Mediterranean meet. As civilisations and cultures have swept back and forth, Malta has rarely been left alone.

In the two millennia before Christ it was invaded twice by Bronze Age people, colonised by the Phoenicians, ruled by the Carthaginians and incorporated into the Roman empire. In the Christian era the island was dominated by the Byzantines for four centuries and subjugated by the Arabs for another three – hence the semitic language and place-names in Malta today.

Over the following 400 years it passed through Norman, Swabian, Angevin, Castilian and Aragonese hands. From the mid-15th century to 1789 it was the fortress headquarters of the martial knights of the Order of St John – this was the period of its baroque architectural glory. Napoleon held it for two short years, and the British, who used it as a strategic naval base, for 164, more than enough time to habituate the island to egg and chips.

Three thousand years of rule by foreign powers has not only left its physical traces, but has inevitably affected the Maltese character. Not surprisingly, it has generated a noticeable "we and they" attitude, a polarisation of behaviour affecting all aspects of life.

Why this should be so is explained by Henry Frendo, one of the island's best-known historians. He suggests three factors contributing to the character of the Maltese. The most elemental is simply the size and nature of the island itself. "Malta is without earth, without water, is tiny and there is no place to hide," he says. "In a place of such small dimensions, we necessarily have direct, face-to-face relations. Our instincts of hostility are exacerbated in these relations by competition for terribly limited resources."

The Roman Catholic church on Malta has also played a role. It continues to dominates public life to an extent found in few other places. Without having undergone any kind of reformation of the sort that took place in the rest of Catholic Europe, Dr Frendo maintains that it still tends towards authoritarianism, absolutism and intolerance.

But it was Britain's relationship with Malta that has perhaps contributed most to the polarised nature of the Maltese. As Joseph Chamberlain, the Liberal politician, indicated to the British Parliament in 1902, Britain's control of Malta was absolute. "We hold Malta solely and entirely as a fortress essential to our position in the Mediterranean ... anything like open agitation against the Government is a thing that cannot be tolerated," he said.

With Britain running Malta as a strictly disciplined ship of the line rather than a colony, the normal channels of interaction, debate and compromise between ruler and ruled were closed off. Most Maltese – the working class – had no choice but to be grateful for whatever livelihood was offered. Members of the educated middle class either saw the advantage of becoming staunchly pro-establishment, or fomented against it.

A century-and-a-half of this type of enforced extremism has left its mark on modern Maltese behaviour. In relations between Maltese, it has led to much divisiveness. Post-independence politics have been excessive and sometimes violent. Religious stands are uncompromising. Views on social and family matters are usually extreme. And while the Maltese are colourful, loud and assertive with each other, in relations with foreigners the survival techniques of yesterday can today pass for acquiescence or servility. In Malta, there are few middle courses.

Less than 30 years of independence are nothing when set against 3,000 years of foreign domination, but there are signs already that attitudes may be changing. The reason? The Maltese are beginning to forget the past.

"When I was young our favourite heroes were the knights and sailors of Malta," says Mario Falzon, a history teacher in the working class district of Paola. "We played with wooden swords and bucklers. Today my students aren't interested; they can watch 15 channels of Italian television. Malta is no longer even a great port; everyone flies in and out. I've had to describe to my classes what sailors are."

Inevitably, Malta is becoming less isolated and a little bit more like the rest of the modern world. Knights and sailors may no longer dominate the island, or even its imagination. But it is unlikely the Maltese can or would want to escape their past altogether. Most places remember history; Malta is history.

Down mammary lane

FOR MALTA'S tiny sister island of Gozo, last month was a busy one. Day-tripping tourists may now surge on and off the Malta ferry in regular waves, but not since the Turkish slave raids of the 1500's had any arrival been so anxiously attended. Though isolated Gozo may have escaped the mainstream of secular history, for a people as church-mad as the Gozitans a visit by the Pope was an event of the first order.

Even Gozo's road pavers, renowned for their torpor, became suddenly inspired. Although they avoided potholed roads to left and right, they resurfaced the entire zig-zag route the pontiff would follow from Victoria, the island's principal town, to the Basilica of Ta Pinu.

The Pope had no shortage of holy places to choose from. Although the island is just nine miles long by four wide, it has more than 50 churches and chapels. But Ta Pinu is special. Just how special was explained by Mary Grace, a young, dark-haired church guide who took time off from preparations for the Pope's arrival to show visitors around the basilica. "People come to Ta Pinu from all over Malta," she enthused. "In a special room they hang their crotches in tanks on the wall."

While Maltese visitors nodded their heads proudly at this piece of information, it left some foreigners wide-eyed. Few could resist Mary Grace's offer to show them the room. "You see," she said, pointing up to the framed attestations, prosthetic devices, plaster casts, crash helmets, artificial limbs and crutches affixed to the walls of the room. "The infirm and accidented come to petition Our Lady for good health. After she helps they give their tanks by hanging their crotches here. Also," she added, but by now everyone had got the hang of it and did not think twice, "this room keeps beautiful mammaries alive."

At the basilica's altar, Mary Grace pointed out "the miraculous oil painting that spoke" – a picture of the Virgin Mary through which the Holy Mother is reputed to bestow favours and graces. These are not limited to restoration of health. A large metal box beneath the altar is filled with envelopes containing preprinted petitions; you need only tick off the box or boxes corresponding to your most fervent desires.

Among the selection available: Success in Business, Raise in Salary, Better Position, Sale of Property, Financial Aid, Cure of Alcoholism and Happy Death. You can also ask for boyfriends or girlfriends, provided they are Catholic. When someone questioned the printed warning – "Envelopes mailed without stamps are refused" – Mary Grace denied they are sent to Our Lady by post. They are, she said, dispatched heavenwards every month by burning.

If such a procedure seems somewhat whimsical, it is no more so than the thousand other religious habits, rituals and beliefs that form the basis of popular culture on the Maltese islands. They are especially apparent on Gozo, where a particularly isolated and conservative past has allowed faith a lease of life not permitted elsewhere.

Places of yells, bells and smells – how Byron saw the islands

But throughout the islands, there are endless series of holy festivals, processions of gaudy plaster saints, long evenings of adoration and firecrackers and more chanting, incense burning and bell-ringing than one might willingly absorb. It was not for nothing that Lord Byron described the Maltese islands as a place of "yells, bells, and smells."

Anyone standing on the ramparts of the towering 16th century citadel in Victoria can see the inescapable nature of Catholicism here. Unlike Malta just a few miles away, Gozo is an island of hills. Each hill is conspicuously dominated by a church, and there are few places anywhere on the island where at least two or three are not visible.

While tourism has made Gozitans somewhat better off today than in the past, much of the small surplus they have traditionally produced through farming has gone into making their parish church larger and more baroquely magnificent than the next village's. The result, pinched frugality side by side with opulence, makes a vivid contrast, but Gozitans, apparently, like it that way.

The Maltese proudly claim they were first converted when Saint Paul was shipwrecked on Malta, thus making them among the earliest of Christians. But they have always, in a literal sense, gone in for religion in a big way.

On the edge of the village of Xaghra on Gozo stands the 5,000-year-old megalithic temple complex of Ggantija, the oldest freestanding stone structure in the world. Given the engineering techniques available at the time, its size and height are astounding – it looks like a prehistoric attempt at tower block living. The fertility cult that was celebrated here and at 23 other sites on Gozo and Malta also left behind a number of small statues. Modelled with exaggerated breasts and hips, they are representations of the fertility goddess this ancient temple culture worshipped.

Breasts and hips carved in stone may be permitted in Malta's museums, but the Maltese Catholic church remains conservative enough and powerful enough to make sure that in public places such things are not seen in the flesh. The not-so-distant days when the church owned more than one-third of all land on the islands and could use the threat of excommunication to ensure that none of its flock voted socialist are gone.

Nonetheless, committees of the "Decency Campaign" continue to guard against the criminal offence of topless sunbathing. "Tourism has brought with it many bad habits," says Father Joseph Bezzina, a religious historian at Malta's Faculty of Theology. "Discotheques and everything they imply – drinking, drugs, and provocative dancing – are responsible for a steep increase in marriage annulments here. We take a dim view of all of these things."

The church may not be able to arrest cultural change as Malta moves closer to Europe through tourism and other economic ties, but it need not worry unduly. Judging by the welcome of the Pope and the enthusiasm of Mary Grace, it will be some time yet before faith begins to waiver in this holiest country of Christendom.

Culture set in tablets of stone

By today's steel and concrete standards Valletta is a more dream-like place than it was a century ago

FROM THE outskirts of the village of Mqabba, the Maltese countryside is uninspiring, a flat landscape of thin soil, prickly-pear cactus and rough walls zigzagging between tired vegetable plots. From time to time unshaven men on rotary cultivators trundle by; they are followed by dogs whose tongues loll as they run alongside. This is not, one would think, a likely cradle of culture. But that is just what it is.

Vegetable farming is only a sideline in the village; what goes on here takes place not in the soil, but beneath it. From the broad, deep Maltese quarries like those that surround Mqabba on every side comes a treasure: the honey-coloured stone that for 5,000 years has made up every building on the island, from barn to baroque church.

In Malta, stone is everything. When the Grand Master of the Order of St John and his 4,000 knights were driven from the fertile island of Rhodes by Sultan Suliman the Magnificent in the early 1500's, they were forced to look for another home. They were offered Malta, but did their best to refuse it.

For this is a desert island. There is no water here – Malta can not lay claim to a single river – and very little soil or vegetation. It is bare, barren and windswept. But soft and workable limestone it has in abundance, and with it Malta's builders have made up for the lack of other resources. If Malta is not noted for agriculture or forestry, its history is full of accomplishment wrought with stone.

If you stand at the top of one of the Mqabba quarries and look down 60 or 100 feet, you'll have an odd sense of déja vu. You will see that the quarry's stonecutters have arranged hundreds of already dressed blocks of stone in loose, undulating lines on the quarry floor ready for loading. The scene resembles nothing so much as the flat-topped, cube-like houses and winding streets of a Maltese town when seen from the air.

No larger or heavier than a man can easily carry, the stone block, the basic unit of architecture in Malta, is echoed in constructions of many different scales on the island, lending a human dimension to all the buildings.

Stone finds its most elegant and impressive expression in Valletta, the wholly planned baroque city built in the mid-16th century. Even more than a century ago it was, as Sir Walter Scott wrote, "a splendid town, quite like a dream." By today's steel and concrete standards, Valletta is more dream-like still.

Valletta was the capital of the Knights of St John (they had little choice but to stay on) and contains, as one might expect of a city inhabited by the sons of noble families from all over Europe, some of the great architecture of Europe. Throughout this city of steep inclines, ramps and stairways are magnificent cathedrals, imposing public buildings and opulent residences.

The whole was laid out on one of the earliest grid-shaped street plans in Europe, an innovation that gave Valletta a reputation as "the city built for gentlemen." Designed by Francesco Laparelli, architect to the Medicis and Pope Pius IV, it was lavished over the years

A Maltese church rich in the baroque style

with all the rococo embellishments of the age in which it was built.

But what makes Valletta special is the startling contrast between its baroque refinement and defensive solidity.

Built after a prolonged and almost successful siege laid against the Knights by Suliman and 40,000 Muslim Turks, Valletta was conceived as an impregnable fortress.

It sits on a steep-sided ridge that juts out into one of the world's best natural harbours, and from the sea presents a solid line of high stone curtains and fortifications. A system of deep moats and breastworks protects its landward side, while broad ramparts encircle it. The scale and complexity of its defenses make Valletta one of the world's great walled cities.

There is a third element, one from an age that preceded the Knight's, incorporated into Valetta and all Maltese towns and villages – this is the cube-shaped house brought from Syria and Palestine by the Phoenicians and later refined by the Arabs. This simple dwelling, small-windowed and thick-walled, offered the Maltese what was most needed on their harsh island: protection from both armed invaders and the heat of the sun.

These three basic architectural components sit one on top of the other in Valletta. Massive fortifications rise from the sea, give way to houses thrown upon each other like children's building blocks and are in turn surmounted by the delicate spires, domes and towers of the city's churches.

Together, they make a curious combination. Here children kick footballs against fortifications built to withstand cannon balls. Ornate churches are blasted with disco music from the windows of crowded working class households. Market women chat over barrows of underclothing in the shade of hostels where celibate young knights used to lodge. What holds everything comfortably together – past and present, sacred and profane – is the common material in which it all is built: stone.

Sadly, on many parts of the island the pressures of development over the last 20 years have destroyed this equilibrium. The population of 350,000 is growing and becoming more affluent. Not only are the Maltese expressing their new economic status through a mishmash of imported architectural styles and materials, but sheer numbers threaten to overwhelm an island that is only one-sixth the size of greater London.

Towns and villages that were once separate have now expanded to join each other in one continuous urban sprawl. Today the entire eastern third of Malta is built up in an unattractive and unzoned mix of high-density housing, small factories and assembly plants, clogged highways, automobile junk yards, take-out restaurants, barbed-wire-topped walls and oil storage depots. Mass tourism has taken over much of the shoreline with low-cost, high-volume property development as unsavoury as anything in Spain.

The Maltese are not unaware of their heritage or the threats that now face it. Many rail against unprincipled politicians and land speculators. Valletta, which has lost much night life and activity to satellite towns in recent years, is now attempting revival through rehabilitation projects – these will highlight the city's architectural splendour and attract the kind of higher-spending tourist Malta is now belatedly looking for. But for anyone in love with stone, the attraction has always been there – the only highlighting necessary is a warm sun beaming in over the sea on to the city's soaring walls and towers.

TRAVEL BUSINESS

Malta bucks the trend

WHILE THE world's attention was focused on the Bush-Gorbachev summit in Washington last weekend, Malta was still basking in the publicity generated from last year's brief meeting between the two leaders on board naval vessels anchored in Marsaxlokk Bay.

Although the inclement weather hardly helped Malta's sunshine image, its choice for the summit gave its credibility a useful boost, especially with continental rather than British visitors. But while Malta managed to attract a small increase in British visitors last summer – bucking the trend in most Mediterranean countries – the fastest-growing source of incoming visitors was West Germany and other north European countries, particularly France.

This year the trend has broadly continued, although the most notable feature of the market is the sharp decline in package tour business (down by about 25 per cent) from the UK to Malta. As with other places in the Mediterranean, there has been an increase in numbers of independent travellers or those booking through smaller specialist tour companies which do not have their sales recorded by the industry.

Although Thomson and Intasun still dominate the Malta market in volume terms, a variety of specialists such as Gozo Holidays or Cadogan Holidays offer tailor-made or individual packages. Air Malta's tour operating activities, moreover, have been grouped together under the Holiday Malta banner, taking in BelleAir Holidays, Medallion and the direct-sell Malta Movement.

While some parts of Malta were spoiled by the influx of cheap package holidays in the late 1980s, the island's tourist authorities are working hard to upgrade facilities and hotels. Their strategy includes diversifying into new markets, such as conferences, lengthening the season and building higher-class hotels rather than basic tourist accommodation. A new airport terminal is due to open in 1992 and roads and water supplies are being improved.

Investment in new facilities includes the £8m being spent on the Corinthia Group's Mistra Village development to the north of the main island. What makes Malta attractive to the tourist this year, especially, is that it is seen as a safe destination with few lager louts and plenty of sunshine. Visitors, typically, are in their 40s and are shown by surveys to be sometimes surprised by the culture and history they find on the island.

Malta is also a popular destination for sports enthusiasts, especially golfers and water-sport fans. Many independent travellers head for Gozo because its unspoiled development is said to be reminiscent of the Malta of 20 years ago. Yet Gozo knows that if it lures too many tourists to the island – albeit by ferry, since there is no major airport – it, too, may suffer tourist blight.

A catamaran service has been launched this year to enable Malta visitors to visit Tunisia, possibly as part of a two-centre holiday offered by some operators. A similar catamaran link as well as a ferry service is also available to Sicily.

While Malta is working hard to develop a tourism strategy for the 1990s, that other favourite destination for the British – Cyprus – in reportedly enjoying one of its best ever years for tourism. The key to its success has been its development of high-quality hotels and facilities. Yet at the same time a relaxation two years ago of strict aviation laws governing charter flights has enabled more operators to offer packages to the island without, it seems, causing the problems that Malta faced.

The overall Cyprus package market is not only up by 46 per cent this year, according to trade sources, but is also of a higher value per passenger than most other Mediterranean packages. Yet the relatively high value of packages, officials are quick to point out, is balanced by cheap shopping, transport and eating out.

Information: Malta Tourist Office: 071-323-0506; Gozo Holidays 0927-762059; Serena Holidays: 071-244-8422; Sunspot Tours: 071-378-8111; Enterprise: 0293-519151; Sovereign: 0293-561444; Cadogan Travel 0703-332551; Cyprus Tourist Board: 071-734-9822.

David Churchill

For more Holiday & Travel Advertising please see over page

TRAVEL BOOKS

From old world to new in company of a master

Michael Thompson-Noel on a cold-climate classic

THE BEST travel books – surprise, surprise – are the ones that entail a spot of travel: movement from place to place, sometimes with difficulty, often by exotic means, among natives friendly or not as the case may be. Any plump widow, eating chocolates and working herself up steamily, can sit in Venice and write a book about it. But it takes resourcefulness and steeliness, to say nothing of pure talent, to produce a volume as resonantly satisfying as *Last Places* by Lawrence Millman (André Deutsch, £12.95).

Millman, who is said to have a mountain named after him in Greenland, certainly gets about. Some years ago he found himself abandoned for six days on Mingulay, a hilly rocky island in the Outer Hebrides, by an old lobster fisherman named Hector. Mingulay had been devoid of people since 1908. It is a rapturous place if you know you are going to get away from it; less rapturous if you feel you may not.

"The first day after Hector didn't come," writes Millman, "I felt panicky. I had brought along only two Cadbury's fruit-and-nut bars; I figured I would ration them to a bird-bite every few days and then throw in the towel. My cluster of bones would be picked bare by the jackdaws, who would appreciate the change of diet from nibbling on the bones of Mingulay's near-feral sheep."

Gradually, he realised that he did not have to starve. He found he could gather sorrel and wild celery from the nettled hillsides and mussels from the rocks. He cooked up a limpet stew in a rusted-out skillet scavenged from a 75-year-old midden heap. He even killed a puffin, but managed to overcook half of it and undercook the other half – a difficult feat: a puffin is very small.

It rained intermittently. The only refuge was a decrepit sheep fank which sheltered several dead ewes. After a while the rank, cryptlike odor didn't seem to matter much (he can still smell it, though). All that mattered were the basic functions: eating, sleeping and waking up the next day. "Each new morning pulled at me like gravity, and each night I congratulated myself on getting through the day."

Finally, the boat chugged to his rescue. Hector had had a stroke while ascending the steep slipway in Castlebay, Barra. It was five days before he regained consciousness in hospital. His first stricken words were: "I've left a man on Mingulay." Millman was rescued by Hector's nephew.

Last Places is a fine book indeed, not only because of the quirky excellence of the writing and eagle-sharp reporting but because the author sets himself a decent target – to travel across the entire breadth of the North Atlantic, from the Old World to the New, from Norway to Newfoundland by way of the Faeroe Islands, Iceland, Greenland and Labrador – and then sticks to it as he follows the route the Vikings took when they set their clinker-built boats in the sea.

"Why, I wondered, did I have such an affection for high-latitude places?" he writes. "Simply because the thin air and strong winds seemed to enhance me? Because the brute carcinogenic sun was less in evidence? Because northern people might actually be composed of at least three parts brilliant adamantine rock?"

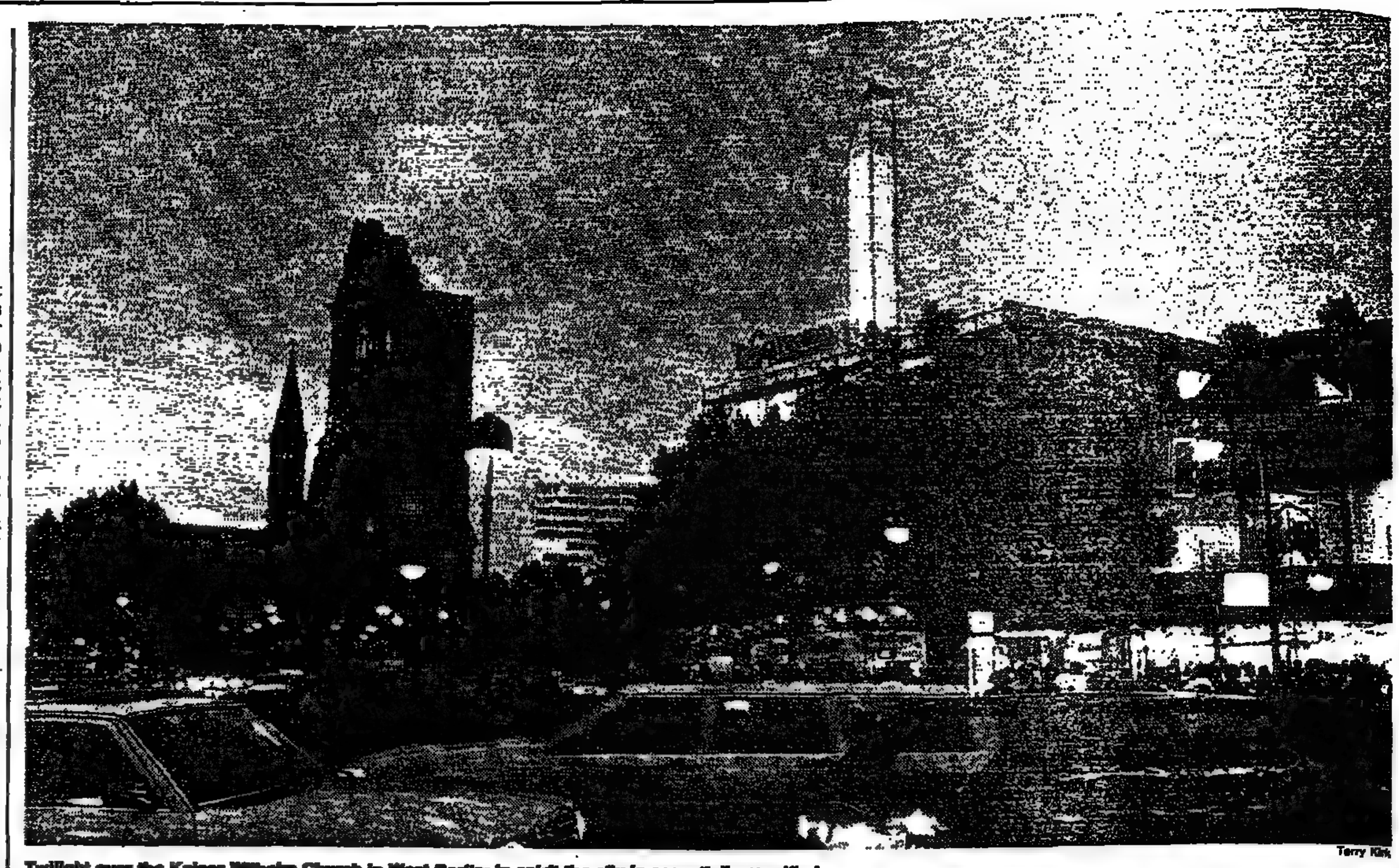
He meets remarkable people: a convicted murderer, a very sad hermit, eccentrics beyond number and an Icelandic priest who refers to his saviour as Jesus Josephsson. The author also recounts being asked to sleep with an Eskimo's wife. (He did, and jolly pleasant it was, too; the husband sat next door, shuffling a deck of cards. What a wonderful world is this).

In The Communist Mirror: Journeys in Eastern Europe, by Lesley Chamberlain (Faber and Faber, £12.99) is an account of journeys in Russia, Poland, Czechoslovakia, Hungary, Romania and East Germany in the period just before things really began to change. She is a vigilant reporter (a former Reuters correspondent in Moscow) and writes with humanity and clarity.

Peter Hudson is 29 and has spent most of the last decade travelling the world. His first book, *A Leaf In the Wind*, a record of his travels in Africa, was shortlisted for the 1988 Thomas Cook Travel Book Award. Now comes his second, *Travels In Mauritania* (Virgin Books, £14.99), recording his trek through this little-visited desert land. It is good.

And so, of course, is *Travels in San Francisco* (Arcade Publishing, New York, $22.95/$11.95) by Herbert Gold, the novel- and screenplay-writer. One chapter is entitled: "Who Is The Reverend Ted McIlvenna, M.Div, Ph.D, and Why Is He Sowing These Wild Oats." Another: "Auld Lanxiety: The Nostalgia Bars of San Francisco." Get it?

Robert Swan was born in 1956. He is an explorer. Probably hairy-chested. In May 1989 he became the first man to walk to both the North Pole and the South. He is currently on a "nationwide lecture tour." *Icewalk* (Jonathan Cape, £15.95) is a "gripping account" of his mission to the South Pole. He and his team faced "terrifying hazards." For reasons that have no basis in logic, I cannot stand Robert Swan. Whenever I see naughty boys, I tell that if they are not extremely careful they will grow up to be Robert Swans. That shocks them powerfully.



Twilight over the Kaiser Wilhelm Church in West Berlin: in spirit the city is essentially reunified

Terry Kirk

Berlin gets it together – now

Barry D. Wood discovers that both West and East Berliners are keen for their city to reclaim its reputation as Germany's cultural and artistic centre

BERLIN'S Unter den Linden was designed two centuries ago as a grander, German answer to Paris's Champs Elysees. It linked the city's traditional entrance, the Brandenburg Gate, with the Schloss, the palace of the Prussian kings, which was bigger and (many say) more impressive than Buckingham Palace in London. The Linden and the entire 19th century city's administrative and cultural core all lie in East Berlin.

As darkness falls on the Linden, rich and fashionably attired West Berliners descend from their Mercedes and enter Frederick the Great's magnificent 1743 Opera House through three polished wooden doors. Gazing at this scene from the 1816 Guard House *(Neue Wache)* the simple classical lines of which replicate those of the grander Opera House across the wide boulevard, it is easy to imagine how quickly the drab and neglected Linden could regain its place as Germany's – and perhaps Europe's – most elegant thoroughfare.

A dozen remarkable structures are visible from the Guard House, where tourists photograph grey uniformed East German soldiers who still goosestep in front of what is now the Memorial to the Victims of Fascism and Militarism. Hereabouts, Berlin's tortured 750-year history is vividly displayed.

A few paces to the rear is the Singing Academy where Mendelssohn launched the Bach revival in 1829. Under the Nazis, Mendelssohn became a non-person. Today his tiny hall is the Maxim Gorki theatre, Berlin's finest playhouse.

To the left, against the banks of the Spree, is the 18th century armoury *(Zeughaus)*, a huge two-storey yellow building that a 1904 Baedeker called the "finest structure in Berlin." Now the Museum of German History, it is arguably still the Linden's finest building.

Across the bridge on Museum Island is the heart of old Berlin: the Lutheran Cathedral, the interior of which is still a shell 45 years after the war; the Pergamon, with its breathtaking classical altar from Asia Minor, and the site of the needlessly lost Royal Palace. The communists bulldozed the heavily damaged palace and built in its place their modernist, amber glass Palace of the Republic.

On the other side of the Guard House is Humboldt University, where the philosopher Hegel and the poet Schiller taught. Across the Linden is the Royal Library, where a sign tells us Lenin studied.

During last autumn's revolution tens of thousands jammed into Opera Plaza to call for an end to communism. Beyond is the dome of the Catholic Cathedral and the Schauspielhaus (royal playhouse), where Leonard Bernstein led the triumphant performance of Beethoven's Ninth Symphony last Christmas Day.

Since the Wall was breached in November, the Linden has been springing back to life with astonishing speed. The enforced greyness of the Stalinist past diminishes daily. Strollers again crowd the centre walkway beneath scrawny lindens no bigger than dogwoods. Big West German cars roar up the Linden past sputtering East German Trabants and Wartburgs, which already seem oddly out of place.

West Berliners are flocking east in record numbers. They go by bicycle, car, train and foot. They now comprise 70 per cent of audiences at East Berlin theatres and concerts,

> *Like Vienna, Berlin is a city that lives in its cafés*

and they accounted for 80 per cent of the several thousand who attended the recent historic exhibition of American artist Robert Rauschenberg, whose multi-media show was the first to span the long divided city.

At first the westerners came east out of curiosity. Now they come in what some call a spiritual quest to connect with their city's history. Berlin is still the greatest metropolis between Paris and Moscow. Its population of 4m is projected to soar after unification. Will Berlin again be Germany's capital, as 70 per cent of West Germans wish? Possibly; but West and East Berliners today

are more interested in their city reclaiming its reputation as Germany's cultural and artistic centre.

For the first time since 1961, Berliners (but not foreigners, who must go through official border posts) can walk through the six-pillared Brandenburg Gate, which is covered with scaffolding for a long overdue refurbishing. Gone, too, for restoration from atop the gate is the Quadriga or chariot of victory, which Napoleon liked so much in 1806 that he took it to Paris. Bismarck brought it back in 1870, the year Berlin became the capital of Germany and not just of Prussia.

On the western side of the gate a shoulder-high section of the Wall remains where tourists can chip away souvenirs. Larger, magazine-size sections of the Wall are sold by vendors both on the western side of the Brandenburg Gate and at Checkpoint Charlie.

There is still no better way to experience Berlin than to follow the advice of the old Baedeker, to walk the Linden. For the first 200 yards there is little but concrete and empty space where buildings used to be, plus guard towers and armed sentries. Take in this barren wasteland while you can, for a land rush is on. Much of this choice real estate, from the gate south to Potsdam Platz, is likely to be sold for development.

Past the first intersection is the massive Soviet embassy. Across the street shop windows have come to life with well-lit displays of jewellery, furs and fashionable clothes. Next is the Friedrichstrasse, the main north-south artery, with the train station on the left and the four-year-old Grand Hotel, East Berlin's finest, tastefully done in traditional style, on the right. It has been virtually off-limits to East Germans since everything, even postage stamps, had to be paid for in western currency.

In the Grand Hotel is a pale remake of the once notable Café Bauer, a meeting place for Berlin's artistic set from the late 1800s until the Nazi era. Like Vienna, Berlin is a city that lives in its cafés. As with most material comforts, East Berliners have been deprived of good cafés, but now they are sprouting like spring flowers. Two that are just off the Linden, and better and cheaper than the touristy Bauer, are the Café zur Laube and the Akademie Café, two blocks south across from the Schauspielhaus. There you will find good coffee, cakes, music, newspapers on sticks, comfortable wicker chairs – and real East Berliners.

Back on the Linden, keep going east, past the Soviet bookstore to the Frederick the Great statue. Then stroll across the Linden to the battered, ancient Guard House.

Berlin, in spirit, is essentially already reunified. It is a city that, because of its unique post-war history, has two downtowns. Well out of earshot – two miles west past the gate and the Tiergarten – is the vibrant commercial centre, the Ku'damm. And here, beneath your feet and within your gaze, is Berlin's cultural centre, its soul.

Culture and excellent Guinness

Marilyn Bentley looks forward to Wexford's festival

WHEN BOOKINGS opened on June 1 for the 1990 Wexford Opera Festival, I was doing my best to head the queue. Last year was my first chance to sample the Wexford experience, and I am hooked.

Situated at the south-eastern tip of Ireland, the little town of 15,000 inhabitants draws plenty of summer holidaymakers. It has a distinctive waterfront and a narrow Main Street. But it has taken the opera festival to highlight the town's attractions under the lowering skies of early November.

I travelled to Wexford with O'Mara Travel, a Dublin agency that runs festival package deals combining transport, accommodation and tickets from about £295. If you prefer a more independent approach, O'Mara will arrange a schedule tailored to your tastes. Operas are rotated nightly, so you can choose almost any three days of the festival and still catch them all.

Performances take place in the town's intimate Theatre Royal, which seats only 550. Ticket prices sound fairly steep – £25 to £32 – but are modest by international standards, and demand is heavy. Of the total 8,250 seats available last year, only 200 were unsold.

The artistic policy of Wexford, established by the founder and inspiration of the festival, the late Dr Tom Walsh, and continued by the present artistic director, Elaine Padmore, is to seek unusual or neglected works for its repertoire.

This year's are *La Dame Blanche* by Boieldieu, (based on the same Scots legend which inspired the more famous *La Sonambula*), Leoncavallo's *Zaza*, and *The Rising of the Moon*, by Nicholas Maw.

It is also part of Padmore's policy to cast up-and-coming voices from all over the world. But you are unlikely to hear the megastars of the international opera circuit: Wexford is not Salzburg. Nor is it Glyndebourne, although evening dress is strongly recommended for the performances, and for the fund-raising galas and buffets which help keep the festival financially afloat.

Despite the dinner jackets and the gowns, there is an informal atmosphere at the theatre. In the foyer, Barbara Wallace, chairman of Wexford Festival Opera, welcomes patrons to each performance: not merely the critics and corporate guests but everyone who is attending that night.

Visitors and performers feel instantly at home. Donald George, the San Francisco-born tenor who made his first appearance at Wexford last year as Antonio in *The Duenna*, says that "the whole town sort of adopts you – everyone, in the shops, the pubs, the hotels. I was charmed by it. Everything was well organised and a lot of fun.

> *In spite of the gowns the atmosphere is informal*

We hardly knew we were working."

Accommodation for visitors is mainly divided between White's Hotel at one end of the town, and Talbot's, by the harbour, at the other. Catering is never a problem. The town is full of hostelries prominently serving Guinness – Guinness is the festival's leading sponsor – and the stout seems a creamier, somehow more leisurely drink than anything you will taste in Britain. At The Bohemian Girl – no-one was able to tell me whether the pub was always called this, or whether the name was a touch of opera-tunism – they serve hot local mussels in garlic butter and invite you to toast your feet by a peat fire.

As a first-time Wexford festival-goer I had no difficulty learning the ropes. The days found their own shape: a generous Irish breakfast; a mid-morning recital; a leisurely lunch in the inglenook of a friendly pub. The afternoon is occupied with an amble along the estuary, a look-in at the arts centre or one of the many exhibitions of paintings or sculpture in the town, and then a siesta, before the pleasant ritual of dressing for the evening's performance.

Perhaps you are thinking you could do much the same things at any music festival. Perhaps you could. But not with the same feeling of being part of things. At Wexford, everyone is an insider. Wexford is opera celebrated on a human scale.

■ *Information: this year's Wexford Opera Festival opens on October 25. Booking: from Wexford Festival Opera Box Office, Theatre Royal, High Street, Wexford, Ireland, tel: (353-353-53) 22144.*

O'Mara Travel: 12-14 College Green, Dublin 2, Ireland, (353-1) 773886.

BOOKS

Our critics review the pick of the latest batch of biographies and memoirs

Shoe-shine boy made good

AS A literary artist, James Baldwin engaged with history with a ferocity it is given to few writers to achieve. Baldwin was not the first writer to make white readers aware of blacks as people, nor will he be the the last, but his emergence in the early 1950s, with work of such eloquent, humane, ironic intelligence, seems as if it must have been pre-destined. His essays and early novels served to prepare the ground for one of those shifts in consciousness that occur only every two or three hundred years.

Baldwin, it now emerges, was born illegitimate, into the poor family of a part-time Harlem preacher. He was the second oldest of 10 children. "I was just a ragged, funky black shoe-shine boy," he wrote. History, however, had other ideas for him. It cast him in a role which proved in the end to over-stretch his genuine but limited talent. But when the call came initially, Baldwin accepted the role without demur. He saw himself as the articulate fiery Witness testifying to the true state of play between black and white. Throughout the 1960s and 1970s, he grew into this persona superbly, becoming a figure of international importance.

Some of the credit in the early stages must go to the New York City public school and library services. In spite of his place as a disadvantaged, hungry child at the very bottom of the heap, Baldwin became an avid reader and frequently managed to escape from his brutal step-father to the Harlem public library where he devoured the work of Dickens and *Uncle Tom's Cabin*, a novel which in his maturity he came to loathe. A perceptive teacher spotted his potential and it was through this discerning white woman that Baldwin managed to conceive the notion of escape from home and his demented step-father in whose steps he had followed as a Sunday preacher. "I would improvise from texts like a jazz musician," he said. However, he collected traumas on the way as other kids collect stamps. Not only was he black, he was also made to believe he was physically repulsive; all this in addition to suffering a prolonged crisis about his sexual identity.

"Frog Eyes," as he was known, drifted out of school into the world of artists and poets, black like Baldwin, whose life-style he was eventually to emulate. Before he was 20 he had settled for being gay. He put much of his childhood into his first published novel, *Go Tell It On The Mountain*. Now W.J.Weatherby, the New York-based British journalist, in what he calls "a portrait," usefully sets down the available biographical facts about Baldwin.

When he reaches the period after the war, Weatherby's account begins to seem somewhat sketchy. By then Baldwin has left the family home and the literary coteries of New York, where he made a debut as a book-reviewer, and has gone to live in existential Paris. Although Weatherby knew Baldwin later (when as a famous writer he returned to the US), his book is weakened by a lack of really fresh first-hand material. He relies excessively on the memories of publishers' editors and literary agents.

JAMES BALDWIN: AN ARTIST ON FIRE
by W J Weatherby
Michael Joseph £17.99, 412 pages

Still, the general picture of a gay black man in his twenties with masterpieces in his head but not yet down on paper, bumming his way around the bars of St Germain-des-Près, in the period of Elaine Dundy's *Dud Avocado*, emerges well enough. I happened to know Baldwin at that time and spent some bibulous evenings with him and a French writer called Daniel Mauroc. Baldwin was easy to meet in those days and always eager to talk, with a most fetching natural courtesy. This did not prevent him from telling me on one occasion that he thought I should spend less time in bars and more time trying to write. After that I did not see him for over two weeks. When we met again he said, "Hi! Where've you been?" I told him I had been taking his advice. I then received the great ear-to-ear Baldwin grin. "I was afraid you might," he replied.

I remember the time when the letter arrived from the editor of *Partisan Review* accepting Baldwin's controversial essay on Richard Wright. This was the second hostile article he had written about the author of *Black Boy* and *Native Son*. Wright, who had supported him in the early days, was also living in Paris at the time. The piece was published in the November-December 1951 issue of *Partisan Review* as "Many Thousands Gone," and as far as Wright was concerned compounded Baldwin's previous offence, of stabbing him the back, unforgiveably.

Weatherby rightly spends much time on the acrimonious relation between Wright and Baldwin. This might have been easier to follow if he had grouped it all in one section. The rows with Wright were crucial to Baldwin's emergence. The immediate effect of the acceptance of the article by the prestigious intellectual journal, with a letter asking to see further work, was an enormous boost to Baldwin's confidence and to Baldwin's finances, which were at a customary low ebb. In the longer term, the effect was liberating of the *engagé* figure Baldwin was about to become. Through his courageous attack on Wright, Baldwin learned to live with "dirty hands" (we were all much influenced by Sartre's play of that title then).

The remainder of Baldwin's career as the writer who gave us such seminal books as *Mountain*, *Giovanni's Room*, *Another Country*, the plays *Blues for Mr Charlie* and *The Amen Corner*, and those wonderful collections of essays such as *Notes of a Native Son*, *Nobody Knows My Name*, together with that majestic piece of rhetoric, *The Fire Next Time*, is conscientiously documented here. His active involvement with civil rights at the time of the Mississippi school riots, and his later ambivalent attitude to Black Power, is traced alongside his writings. There are accounts of his many friends and lovers. Black celebrities like Ralph Ellison, Lorraine Hansbury, Sidney Poitier, Diana Sands, all of whom he knew and liked, frequently crop up, as does Norman Mailer, whom he knew and love-hated and publicly attacked.

Baldwin's rise and fall is a fascinating story, and after this book it requires re-telling by someone who has access to the private archive.

Anthony Curtis

Something of a nearly man

Sir Antony Part's brief memoir mixes personal and professional in even measure. Part, descended from John of Gaunt, had Harrovian schooling, made more wretched by his parents' divorce. News of the decree absolute reached him on his 14th birthday; Part would henceforth spend years uneasily torn between mother and father: "All this gave rise to an instinct for conciliation which stayed with me throughout working years." Cambridge and modern languages were an altogether happier mix. Not keen to "make a profit" but in need of wages, Part sat for the Home Civil Service and signed on with Education in 1937 as war-clouds loomed. A brief sojourn with the fledgling Ministry of Supply led to call-up, fortunately in the Ulster Rifles. (Rifleman, coupled with Part, offered a smaller parade-ground target than the alternative, Private).

THE MAKING OF A MANDARIN
by Antony Part
Andre Deutsch £12.95, 205 pages

The war took Part, newly-married, to the desert with Monty. Father's sharp pen followed. "I hope you are enjoying the wide open spaces of the Desert while your wife and I are bearing the brunt of the war in London." As a Staff Officer, Part worked on the Normandy build-up, only to miss the final team selection. "I need a happy ship" his superior told him. Part comments, "I had become too intense. This was a mistake that I resolved never, if possible, to make again."

Part returned to Education, then the Ministry of Public Building and Works, and finally Trade, in its various guises: in all, a further 32 years of mandarin-making, conciliation and trying not to become too intense. At the end – Part retired in 1976 and died early this year – Part seems something of a nearly man, missing out on Foreign Office, Treasury, and Head of the Service. His career path had not really suited him for the first two, but he believes he lost out on the last to Douglas Allen by "in racing terms, a neck."

Possibly patchy health hindered. Part found himself hospitalised a dozen times during his working life, once in the States after being knifed by a friend's son who took him for an intruder. America also teased out of him reflections on education. "I thought that in a country like Britain with limited physical resources the greatest single contribution that the government could make was to create the conditions in which everyone could be educated to the best advantage."

Mandarin qualities were most called for from 1968, at the top of Trade. Part, picking up a little economics on the way, grapples with GATT, with Concorde, with the Vehicle and General Insurance tribunal, most of all with a full In-tray. Part enjoyed serving John Davies and Peter Walker when Trade became DTI. But rough nemesis lay in wait. The restored Wilson of 1974 tri-furcated the DTI into Industry, Trade and Prices. Part got Industry, and with it Tony Benn.

Part reckons that he served Benn loyally, not "sneaking" to colleagues about departmental goings-on. Benn elsewhere has made it clear that relations were strained, and Part with some relish here sets out to level the score. He recalls the Accounting Officer minutes, issued by Civil Servants to Ministers by way of warning if they think a proposed course of action may be financially improper or irregular. A journalist presses to know how many have been issued to Benn. "Such issues are very sensitive. I was not going to tell the journalist that between us Peter Carey and I had written to Benn three Accounting Officer Minutes." But now he makes sure we know.

Part's book reveals a general nervousness of the media. He is at pains to say that *Yes, Minister* is off-beam and denigratory, whereas in fact it is exaggerated and affectionate. In 1981 he gets pleasure carting ATV off to the Broadcasting Complaints Commission for slack editing of his remarks.

More books on page XXII

But in the end he wants it both ways. "Can the Civil Service get a square deal from the media? Some Civil Servants believe it is better to keep heads below the parapet. This point of view seems to me wrong."

Similarly, he is in at least two minds about Mrs Thatcher. The emphasis on sharper management gets his approval, but he is more equivocal about "one of us" appointments. "It has some destabilising effects. Some mandarins respond better than others. Some have been slow to accommodate themselves to the revolution, and their prospects have suffered accordingly." A mild verdict withall. A more forthright view would be that Thatcher has done deep and deliberate damage to professional Britain, and not only to that element served by Part. But a lifetime in the mandarinate is not conducive to any such bluntness.

Brian Wenham

Here's a different kettle of koalas

LIKE EVERYBODY else, I have a love-hate relationship with Clive James. He's particularly irritating on television, where he is to be seen sitting before a bank of flickering screens being facetious and low-brow, or presiding at a bare table chatting up the Oxford/Hampstead intelligensia, or else cavorting abroad (on expenses), making funny comments about Miami, Rome, Tokyo, etc.

In sum, James, on the box, is so desperate to be a personality, a Michael Aspel with the brain of Bronowski and the tomfool spirit of Spike Milligan, that his mannerisms and attitudes grate. Glazed and glib, he does himself a disservice – and though he tries to make jokes at his own expense, he doesn't exude any full sense of self-mockery. His eyes are so unflinchingly focused on the autocue they have sunk back deep into his head. He manages to be both unbuttoned and uptight. He's embarrassing.

As a writer, however, James is a different kettle of koalas. In his prose, he can turn phrases, mix together cleverness and clownishness, and achieve a fluency and a level of wit that make his pages truly shimmer. He assembles words in a seemingly relaxed fashion and his sentences unfurl as epigrams or as syntactical jazz riffs. His many essay collections are first-rate and in their liveliness and range put the official academic critics to shame. In his journalism he practically invented the art of ironically appreciating junk - and his volumes of television notices are already classics.

Luckily, he can still find some time to write books and, luckier still, his latest autobiographical instalment shows no falling off in quality or energy. *May Week Was In June* is vintage James, and the hero of *Unreliable Memoirs*, having loafed for a year or two in London, is now at Cambridge, where "within broad limits you can make as big a fool of yourself as you like, and still be put up with". Given that the colonial boy at Oxbridge, bemused by antique rituals and blundering innocently about the old country, is a rather over-done theme, James still extracts endless bright comedy from his experiences. And though the structure of the narrative is predictable (drunken bouts, Footlights productions, terrors, coming back after graduation under the pretext of doing research, fledgeling journalism ...), James proceeds with the instincts of a novelist, converting the real people he once met into eccentrics.

MAY WEEK WAS IN JUNE
by Clive James
Cape £12.95, 249 pages

The mineral-mad Dean of Pembroke is "framed among feldspar;" Germaine Greer becomes Romaine Rand, and her digs have "oriental carpets and occidental screens, ornamental plants and incidental music;" Michael Tanner, a Corpus philosopher and perfect Wagnerite, turns into a heel-clicking storm-trooper; and of Queenie Leavis it is perfectly observed that "in matters of the spirit the truly dangerous poisons are refined from flowers."

The most wonderful member of the cast is Delmer Dynamo, a rich American graduate student whose love of English culture puts him in the Mr Toad class. He collects rare first editions which he gives to the college; his rooms are a chaos of fly-fishing equipment (unused), Purdeys (ditto), candy striped blazers, tweed hacking jackets, opera capes and Fortnum's hampers. Naturally he erratically drives a Bentley. I awaited each Delmer episode with glee, and James's chapter on a skiing trip they make together is a hysterical set-piece.

In addition to the laughter-making, James rather engagingly recalls his sentimental education, his coming alive intellectually, especially in Florence. The reading lists are fleshed out with attractive commentary and James is excellent, too, at describing the magic of the old films he saw.

The idyllic story concludes with Nicholas Tomalin and Ian Hamilton standing him drinks in Soho - the metropolitan critic is born. Ahead looms fame, the foolish attempt to recreate his prose-style as a televisual style, and the realisation that if only he could perhaps stop being tempted by being on the box, he might fulfill his own unrealised promise - that is, to write a big book on Japan and Australia and what happened in the Pacific when two worlds collided in war and peace. "If I have an important book in me, that will be the one". Yes, and please Clive don't do it as a tie-in to a television series.

Roger Lewis

Ranji, the prince who 'never played a Christian stroke'

THE VERY name evokes the silken shirt gently billowing, a ground somewhere in the south of England, a series of consummate leg glances played casually off middle stump; a magical presence redolent of that long ago time when cricket was still a game on the gold standard.

This, however, is a revisionist, not a romantic biography, and perhaps none the worse for that. Wilde convincingly portrays Ranji as a batsman who endured a lengthy, difficult apprenticeship before finally evolving his revolutionary technique; and who moreover, as an undergraduate at Cambridge in the early 1890s, was the object of racial prejudice, before winning through and indeed within a few years achieving a degree of sporting popularity surpassed only by that perennial favourite, Dr W.G. Grace.

But at the heart of the life is a painstakingly researched account of the disputed succession for the throne of Nawanagar in Western India. The story is too complex to summarise, but suffice to say that Ranji's claim was at best dubious and that he only succeeded in 1907 largely through his own persistence, allied to the contrivance of the British authorities, who for many years had been assiduously courted by the cricketing "prince."

What did His Highness the Jam Sahib of Nawanagar – "Jam" to his intimates – make of the long-awaited opportunity? The authorised version has always been that he transformed a backward state into one that was efficient, prosperous and just. However, Wilde shows both that Ranji's role has been overrated and that much of the modernisation centered in and around the dwellings of the head of state and barely impinged on the population at large. Moreover, not only was he fundamentally out of sympathy with the burgeoning Indian nationalist movement, but also right up to his death in 1933 he sought to obstruct British-led moves towards a federal constitution for India.

RANJI: A GENIUS RICH AND STRANGE
by Simon Wilde
Kingswood Press £14.99, 257 pages

One other new theme emerges, and it is that Ranji, like several other prominent amateurs of his day, was consistently short of the ready. Over the years his creditors showed remarkable patience, but during the fateful Old Trafford Test of 1902 they were moving in ominously. Ranji was a worried man throughout the three days – so much so that his captain had to put him in the duffers' position of mid-on – and on the final afternoon he found himself at the crease with 56 needed and eight wickets left. He struggled desperately to achieve a semblance of form, until after a painful ordeal he was given lbw for only four. Eventually England lost the match to Australia by three runs, and with it the series, and Ranji never played for his adopted country again.

Wilde is no Alan Ross, who wrote a typically elegant, well-rounded biography of Ranji in 1983; but together they give us what must be the last word on the man who, according to an old Yorkshire pro who had suffered at his hands more than most, "never played a Christian stroke in his life."

David Kynaston

"The Bowler:" one of John Corbet Anderson's lithographs taken from *Sketches at Lords* by Michael Down and Derek West (Collins, £19.95)

Sacred monster

Simone de Beauvoir always considered herself first and foremost a writer. Only in the 16 years preceding her death in 1986, when her career as a writer was almost over, was she associated with the feminist movement, and adopted by American activists as "the Mother of us all." To the less idolatrous French, she became "our Sacred Monster."

The Second Sex, which led to her great fame, was a kind of accident. After two novels, one of which, *The Mandarins*, won the Prix Goncourt in 1954, and some minor philosophical works, she was stuck for a theme. She was not ready to write the memoirs which later consolidated her reputation – when she gave a fragment to Jean Paul Sartre, her lifelong companion, for comment, "he simply held his nose to express his disgust."

In both fiction and philosophy, de Beauvoir had always written to gain a better understanding of her own life. Confused by an unhappy affair (with the American novelist Nelson Algren) and the ups and downs of her relationship with Sartre, she decided that she needed to understand herself as a woman, and that in order to do this she had to understand "the condition of women in general." Once she had identified her topic – one which Sartre enthusiastically approved – the book came easily, almost mechanically: "I said many things I deeply believed in but in a certain sense everything I wrote seemed natural to me, obvious: I was only the one who organised it and wrote it, everybody already knew it."

In fact the 464-page book that readers of English know as *The Second Sex* is only an abridged version of volume two of the French edition. De Beauvoir had a prodigious capacity for work, which earned her the nickname Castor (beaver) at the Sorbonne, where she completed four years' study in three, graduating an extremely close second to Sartre. For many years, besides producing her own writing, she did gargantuan editorial work on *Les Temps Modernes*, a publication which she founded with Sartre, and also edited his work, reading the German phenomenologists in depth in order to be able to criticise him with authority.

Sartre is a problem in an account of de Beauvoir's life, a dominant presence even after his death in 1980. Bair is not the kind of feminist to rant and rail at de Beauvoir's stubborn devotion to Sartre, but she does try to keep him on the periphery. Nevertheless, his name crops up so often that it results in a tantalising semi-biography of Sartre running concurrently with the full biography of de Beauvoir.

American biographers, especially academic ones, are notorious for providing endless, often repetitive detail. Bair, who abandoned "literary journalism" for a career as "a university professor" is no exception. She spent almost ten years on this project and interviewed her subject extensively. This is probably the definitive account of de Beauvoir's life, but it comes nowhere near to being the definitive account of her work, a serious fault in such a mighty tome.

SIMONE DE BEAUVOIR: A BIOGRAPHY
by Deirdre Bair
Jonathan Cape £19.95, 718 pages

De Beauvoir emerges as a highly intelligent workaholic of great integrity, an arrogant woman with little or no sense of humour, fiercely loyal to her friends, simply fierce to others, and a not very dutiful daughter, with difficult hair and bad dress sense, a hard-living, heavy drinker, a hater of housework and a great frequenter of cafés, an energetic cultural tourist and, in her later years, a generous supporter of socialist and feminist causes.

Although synopses of her work and descriptions of its reception are conscientiously slotted into place, Bair does not make any judgements of her own on its quality and significance nor does she seem especially excited by it. Although she believes it is to soon to assess de Beauvoir's contribution to feminism, she sees fit to entitle the final chapter with the emotive declaration made by a French feminist at de Beauvoir's funeral: "Women, you owe everything to her!" But do we? Bair has answered every possible question about de Beauvoir except for the most basic one: just how valuable was her contribution to 20th century culture?

Alannah Hopkin

Lonely in love and death

BOTH THESE books are accounts of loneliness. For Colin Spencer, "being gay is . . . a joke in society's eyes." For Peter Noll, "conversation between someone who knows his time will soon run out and someone who has an indefinite amount of time is very difficult." One is about love, the other death. And both are races against time: with the turning of every page, the sands drain irrecoverably away.

Which Of Us Two is a collection of love letters exchanged by the journalist Colin Spencer and John Tasker during the course of an intense affair over 30 years ago. They picked each other up in a Brighton pub in 1957. Spencer, then about 24, had attempted suicide during national service, and was an aspiring painter and writer. Tasker, later to become one of Australia's most prominent theatre directors, was already culturally precocious. Having lived in England for several months, he too was liable for national service, but determined to avoid it. Moreover – "sterile but not impotent" – he had suffered from testicular cancer.

It could almost sound like the paradigm of glamorously doomed fictional romance: youth, illegality, the shadow of disease, the certainty of separation. But first love has a uniquely corrosive energy and anguish, and it can't have seemed glamorous at the time.

It was as fugitives from the draft that they went to Vienna; it is a measure of their youthful optimism that they thought their love could prosper there despite the lack of friends and money. Spencer returned to London, Tasker eventually to Australia; they were to meet twice more, in 1980, and again in 1987, the year before Tasker succumbed finally to cancer.

WHICH OF US TWO? THE STORY OF A LOVE AFFAIR
by Colin Spencer
Viking £15.99, 258 pages

IN THE FACE OF DEATH
by Peter Noll (translated by Hans Noll)
Viking £15.99, 254 pages

"This is the story of the first great passion of two young men and my inquiry into why I murdered its future," Spencer's commentary intones. It isn't really. He never explains why he suddenly married when Tasker returned to Australia. Nor why he "couldn't bear another queer affair." But the project was undertaken, I think, in good faith: only the brave or the unusually honest would publish the *billets doux* of their youth.

Peter Noll, a professor of law at Zurich university, was told in 1981 that he had cancer of the bladder. With immediate treatment, he would be impotent and have only a 40 per cent chance of survival. He decided to let the tumour advance, and kept a journal until about a week before he died.

His is not the isolation of sexual unorthodoxy but that of the dying man in a healthy society. This is not a private declaration but a public document, his aim being to persuade the living "that it makes sense to examine the issues of dying." He finds that his frankness about his condition disturbs people: he is an affront to the 20th century obsession with prolonging life, and his situation corroborates the theory that we are as uneasy with death as the Victorians were with sex.

Noll was steeped in august literature and exceptionally intelligent. What makes him (and his book) remarkable, however, is the courage with which he approaches his quietus. A pastor's son, schooled in Protestant thought, he believed that death ought to be a preoccupation for every man. His dignity and bravery (at the end, he refused all drugs) are unarguable, and couched in a spare prose that asks no favours.

Clive Fisher

Fiction

Fantastic fundamentalism

IF NOTHING concentrates the mind so wonderfully as the prospect of hanging, then nothing fires the imagination like a *junta*. Both Vlady Kociancich and Abel Posse are Argentinian, and both their books are infected with extraordinarily enriched apprehensions about the abuse of political power.

Gallantry perhaps demands that one looks first at the work of Vlady Kociancich, an exuberant woman of mixed Yugoslav, Austrian, French and possibly Indian descent. At the heart of *The Last Days of William Shakespeare* is a splendid joke. In the capital of an unnamed South American country a production of *Hamlet* has been running for over 60 years, at the President Herrero National Theatre. Indeed, it has been running so long that no-one seems to know about it. But when the government is embarrassed into acknowledging the existence of what, all along, it has been subsidising, it cannot leave well alone.

The theatre and the play become the focus of a national cultural revolution, no less, and then of a counter-revolution. Down with Shakespeare! And then: Long Live Shakespeare! The argument against Shakespeare is that he perpetrates an "ideology of ambiguity, a dangerous ideology." Can we, it is asked, allow criminals like Macbeth and Richard III to awaken audience sympathies? Is it right that we should be amused by the cynical Falstaff? Should we really permit the Fool, and not King Lear, to embody wisdom? In place of Shakespeare comes the Order of the Fleur de Lys. Fascists canter about the city in battered black limousines. One by one the cast of *Hamlet* disappear.

The narrative is unsteadily parcelled into two parts that take time to interlock. On the one hand there are the first-person meanderings of Renata, a would-be writer, half journal, half unanswered letters to a another writer friend in Paris. On the other, a third-person account of a third writer, the "Master" Santiago Bonday, who develops a compromising relationship with the new cultural bosses. The presence of any writer in a novel is risky; to pack in three is to court disaster. But through a brilliant and unstoppably inventive persistence Kociancich brings it off, mainly by sacrificing the figure most obviously closest to herself, Renata, who finally becomes one of *los desaparecidos*.

Can the production of *Hamlet* be equated with the Malvinas, which, in Argentina's international history, also went unnoticed for so long? Kociancich, to her credit, doesn't say. Her satire is sharp enough not to need the encumbrance of stage directions.

Abel Posse's *The Dogs of Paradise* is the more immediately powerful, and probably the more saleable, book, a well-conceived, sturdy epic. Posse takes the story of Columbus, or Colón as he is called in Spanish, and gives it truly earth-shattering dimensions. Columbus himself is transmuted into a Melvillian Old Testament prophet whose only interest, once he hits the Americas, is to rediscover Paradise. Gold is important not for what it will fetch in Seville but because it is a sure sign of God's real presence among the coconut palms. The other elements – counsels among the failing Aztecs and Incas, the ambitions of Ferdinand and Isabella, even the persecution of the Jews in Aragon and Castile – are welded into a forward-moving historical juggernaut of seemingly incomparable riches.

THE LAST DAYS OF WILLIAM SHAKESPEARE
by Vlady Kociancich
Heinemann £13.95, 233 pages

THE DOGS OF PARADISE
by Abel Posse
Hamish Hamilton £13.99 301 pages

The problem is that Posse doesn't know where to stop. To prove his hero, he has Colón pause in the Canaries for a tumultuous fling with Joanna "la Beltraneja" and becomes the only lover she does not destroy. Also recorded are the equally widescreen nuptials of his adopted King and Queen. And then, in the New World, we find amongst his retinue two German knights, Swedenborg and "Nietz." Instead of the restless mariner of history, Posse gives us a man who turns his back on his masters and lies naked beneath what he believes to be the original Tree of Life.

Magnificent as Posse's prose and anecdotal scholarship are, one feels he would have done better to stick to a straighter, narrower course. As it is, and to adapt the jargon currently used to describe contemporary South American fiction, he indulges in a kind of fantastic fundamentalism. He too, like Vlady Kociancich, is patently critical of prevailing political currents, but it is by no means clear that, in the wilful and delinquent hyperboles which embellish his prose like the medals and braids on a Latin uniform, Posse is not also a part of the indicted pathology.

Justin Wintle

Cries for Ireland

BEFORE WE go any further, it should be said that you are unlikely to read a finer novel than *Amongst Women* this year. Forget the smart young Turks, forget the feminist tracts, forget the Hampstead infidelities and go for this scrupulous, unassuming, courteous and refined work which says rather more about the indecipherable mysteries of personality and the way in which people rub along with each other than many louder efforts.

The story is simple and deceptively lightly plotted: Moran is a widower: proud, handsome and difficult, he farms in rural Ireland with his four children, the eldest son, Luke, having left for England in final rebellion against paternal bullying. Moran decides, almost against his will, to marry Rose, a gentle, steely, independent women, who succeeds in smoothing the crumpled tensions of a strange family. Two of the girls marry variously unassertive men, the third relinquishes university to work in the civil service to please her father and avoid trouble. The spoilt younger son rebels, has an affair with a visiting expatriate girl from the village; returning home he tries to settle, but further arguments compel him finally to leave the nest. Moran grows old and dies, surrounded by all his family except Luke, whose absence tolls the inevitability of life's imperfections throughout the book.

AMONGST WOMEN
by John McGahern
Faber & Faber £12.99, 184 pages

THE JOURNEY HOME
by Dermot Bolger
Viking £13.99, 294 pages

It is a story about the strength of families, the indissoluble bonds of parenthood and the firmness, tact and self-denial involved in knitting the webs of connection which preserve group strength and thereby selfhood: "The closeness was as strong as the pull of their own lives; they lost the pain of individuality within its protection." It has already been described as Chekhovian for its sense of completeness. The comparison does not end there however: as Chekhov did again and again, McGahern has created in Moran a character flailing helplessly within his own contradictory personality – cussed, frustrated, violent, loving, unpredictable by turns, the kind of man who needs careful handling – amongst women. Before his wedding day "he felt a low cry of frustration against the inadequacy of life break silently within and ripple out. 'What time is it?' he demanded fiercely." Reading such a tactful and perfect novel is, as McGahern describes dropping from the eaves, "like peace falling."

"Sometimes," Moran the ex-soldier says,"I get sick when I see what I fought for... Look where it brought us. Look at the country now. Run by a gang of small-minded gangsters out for their own good..." Dermot Bolger is your man for describing these unpleasant fellows in his energetic, disenchanted tale of the underbelly of the new Ireland. Unemployment, exile, graft, booze, drugs and sex and rock 'n' roll swill through a land now tied and enslaved to the EC, just as previously it was to the UK. The horrors of concrete and plastic housing developments, the corruption of drug-dealing politicians, entangle spirited Shay who perishes, Hano who is corrupted, and Cait, the druggy street waif.

Although it is a far cry from the restraint and courteous method of McGahern, here is another cry for home: both a yearning for the old values and structures of pre-European Ireland and an attempt to find that other home in the head: "I just meant to lie here in my own home place which no longer exists except in my head" says Shay, the life-force character. It is a crazily uneven book, but one which repays attention as an underground map for literary tourists.

Mary Hope

Catch 222 at the Royal Academy Summer Show

TODAY THE Royal Academy opens its Summer Show to the general public, to continue an unbroken annual sequence that now extends over 222 years, the oldest established and the largest such open exhibition in the world. Its continuing hold on the popular imagination is remarkable, fascinating alike to those in the professional art world who affect to despise it for being, well, for being an academy, and those who know nothing at all of art but this single annual jamboree.

Is this year's a good Academy? The question is natural but in fact mistaken. *Plus ça change, plus c'est la même chose* indeed: the point of the summer show is simply its continuity. No open show can ever be better than the work submitted to it, and with the members themselves entitled to show six of their best as they see it, there can be no conscious manipulation of the collective effect. This year, with only 1206 works exhibited of 11,220 sent in, the show is larger than the last by a mere 21, which keeps it more or less as low as it has been in recent times. Only 1206! And who could ever expect a show of such a size to be pummelled and curated into any sort of coherency? There are of course many good things, some very good things and some appalling. A good Academy? No: it is simply the Academy come round again, and as interesting as one cares to find it.

Such is its strength and its justification, or should be. But the Academy seems to have come to accept, as a truth to be actively countered, the received if opinion that all Academicians are mere fogeys, their summer show an amusing irrelevance unless somehow it can be dragged into the later 20th century before too late. Catch 222 then sees to it that any such perceived attempt is greeted with scorn.

I have seen every summer show since 1960, and written about each one since 1971. In that time much indeed has changed, but I have come to realise even so that the Academy has always held up a fairly true mirror to the current state of British art. We now hear from commentators with short memories and shorter sight, as they look to the welcome presence among the academicians of such artists as Peter Blake and Allen Jones, Gillian Ayres and Eduardo Paolozzi, Tom Phillips and Joe Tilson, John Hoyland and Michael Sandle, that at last the Academy has embraced modern art. How wonderful, how awful, according to taste; only such things have been said indifferently in ever year that I can remember.

Any bunch of cranky individualists, as the Academy has often been in its time, is bound to be fairly unbiddable, but if such artists as those who now lend their distinction to the Academy were not to be found there in 1960, is was quite as much because they were not prepared to be there as for any policy of exclusion. And when we look at the more senior ornaments of the present Academy, such as Carel Weight and Peter Greenham, Leonard Rosoman, Richard Eurich and the president himself, Roger de Grey, as well as as those lately dead and shown this year *in memoriam*, in particular Robert Buhler, Ruskin Spear and Edward Bawden, all of whom are coming at last into their proper critical recognition, why they were there all along.

The Academy has only to remain true to itself to be itself, drawing as it does on the great strength of the British academic tradition. We may not care to acknowledge such strength even to ourselves, let alone proclaim it abroad, but on the broad level of serious professional engagement, we continue to produce art of a soundness and honesty unmatched anywhere else. With our schools of fine art being constantly worn down by successive administrations, this happy state may not last, but we should not spit in our luck quite yet.

As always, there is much to recommend. The painters Olwyn Bowey, Gus Cummins, Dick Lee, Timothy Hyman, Ken Howard, Anthony Eyton, Patrick Symons, Norman Adams, John Bellany, the print-makers Norman Ackroyd, Michael Rothenstein and Peter Freeth, the sculptors David Annesley, Nigel Hall, Barry Flanagan, William Pye, Kenneth Draper and Dhruva Mistry are only a few of the names that come to mind, and all show characteristic and distinguished works this year.

That most meticulous and precise of figure painters, Norman Blamey, RA of long standing, must be perversely one of the Academy's best kept secrets. Peter Coker too, in almost similar case, shows landscapes of a painterly vigour and authority that belie his recent illness. Along with her now familiar flower-pieces in watercolour, Elizabeth Blackadder shows a large oil painting of a pool of carp, an image of Matisse-like simplicity that marks a return to the radical freshness of her work of 30 years ago. In the rotunda the huge abstract canvasses of Sandra Blow, Gillian Ayres and Jennifer Durrant, the three graces indeed, sweep poor Paris, that is to say Sydney Nolan on the remaining wall, quite out of court.

Leonard McComb, as hypnotically idiosyncratic as ever, shows a fine large portrait head and a fine set of etchings of the horses of St Mark's, while Anthony Green continues no less idiosyncratically to celebrate his married state. John Ward's "Dressing the Model" is a studio conversation pice on the grand scale. Of less familiar names, I liked Sarah Lord's brisk and tiny harbour groyne-scapes, Charles Rake's hawthorn and Rachel Clark's portrait of the painter, all in the Small South Room. And with his Burford Church in Gallery II, Richard Napper is clearly another on whom to keep an eye.

The Summer Exhibition remains open until August 19, sponsored by the Dai-Ichi Kangyo Bank to mark its 25th year in the UK.

William Packer

'Dressing the Model' by John Ward, RA

THERE IS an opportunity to glimpse the Britain of the 1990s in the in Gallery VI at this year's Royal Academy Summer Exhibition. It is a curiously mixed vision of late high-tech fantasies for the commercial world and classical revival for the much of the domestic sphere. The Royal Academy is a place where it is seldom possible to witness the birth of genius. The very nature of the institution is that it honours and exhibits the work of those it has itself selected as academicians plus a few outsiders. The chances of earth shaking work is therefore unlikely.

The confusing vision of the future reflects the present state of uncertainty that architects have created. If more younger architects were able to exhibit alongside their elders I think a more consistent and lively aesthetic would have been visible. There is something weary about the outcrop of miniature Lloyds buildings that seem to have sprouted this year at Burlington House. Michael Manser's proposal for offices over the Embankment Tube Station with projecting stainless steel boxes seems to have picked up the worst elements of Lloyds rather than the best.

What are we to make of the fine glowing back lit model of the European Court of Human Rights in Strasbourg that was designed by Richard Rogers? It is impossible to tell anything at all about the actual nature of the new building from such a smooth almost meretricious presentation. Norman Foster, it seems to me, is much more honest in his presentation of the Century Tower in Tokyo with a model and a comprehensive photo montage showing the fine structure in the context of the tangled city. Foster is so clearly a magnificent architect he deserves a major exhibition to himself.

There two categories of things to look out for at this year's show. One is the shape of things to come and the other is the shape of things that we will miss out on because they did not quite win major competitions. In the latter category comes Stirling, Wilford and Associates unsuccessful entry to the Compton Verney Opera House competition which is a curious but interesting design. The international competition for the Biblioteque de France attracted a huge number of good entries and the runner-up by the *British firm Future Systems* is an example of advanced technical mastery transformed into architecture. What a contrast to the lumpen model of the brick mausoleum of the British Library that is also on display. I overheard a visitor contemplating the stepped tomb say to his companion that it only lacked the body of Lenin for it to look at home in Red Square.

We won't see Robin Spence's Seville Pavilion, nor the terrifying residential park proposal for Canary Wharf by James Stirling. It looks as though local opposition may deprive us of Richard MacCormac's excellent design for a new chapel for Tonbridge school. We will, alas, see the unbelievably insensitive visitors' centre for Winchester cathedral crammed against the ancient walls. You will see a lot of grand classical houses, and there is one thoughtful architect from New Zealand who has designed a new house for the heir to the throne: see exhibit no. 788.

Colin Amery

RA needs £2m to bring it up to date

VISITORS TO this year's Summer Exhibition will observe that the Royal Academy is in the throes of rebuilding; but few visitors are yet aware of the scale of the transformation being effected by the architect Norman Foster. The scheme will be unveiled to the public in June 1991. Meanwhile, the Royal Academy is fund-raising with a vengeance.

The Foster scheme essentially involves rebuilding the Diploma Galleries. Both they and the Main Galleries are being modernised to provide environmentally controlled exhibition spaces. Not before time, some people will say. In the last 15 years, as standards of conservation have risen, important lenders have looked askance at the RA's century-old galleries.

The most eye-catching element of the Foster plan will be an outsize glass lift which, together with a new staircase, will fill in the light wells between Old Burlington House and the main galleries. For the first time in 120 years, students of Palladian architecture will be able to admire the influential Garden Front of Burlington House, remodelled in 1717 by Colen Campbell and then by Samuel Ware. A curious feature of Foster's outside-in transformation will be that the cornice to the main galleries will become an indoor sculpture shelf for the new top galleries.

Above all, the rebuilding will allow the RA to mount a continuous programme of major exhibitions and attract a greater public. The revamp is costing £9m. Fund-raising has secured £6.75m, but with a year to go the shortfall is just over £2m. Even regular visitors often do not realise that the RA receives no government grant or public money and that without its corporate sponsors, the Academy could not mount its splendid exhibitions.

Piers Rodgers, secretary to the RA, makes no bones about its precarious position. "People think that successful exhibitions raise money, but that's not true. Success for us means covering costs." The backbone of the RAs's income is provided by the annual subscriptions of its corporate members and Friends.

This year, *Frans Hals* has proved adequately successful, with 194,000 visitors. A show which surely will set the public alight is *Monet in the Nineties*, opening on September 7, and looking ahead, the new galleries will host exhibitions of the Fauves and Hokusay Prints next year, also expected to be crowd pullers.

The RA has never been able to generate the kind of surplus needed for the upkeep of its fine buildings, hence its current appeal. Major corporate donors include National Westminster Bank, Barclays Bank, British Telecom, Marks and Spencer and Glaxo. The RA is prepared to name parts of its buildings after particularly open-handed donors.

More modest patrons can contribute by going to the Burlington Ball on June 26, sponsored by Bulgari Jewellers of Bond Street. Revellers can come masked or not, and at midnight a particularly swish raffle will be drawn with prizes worth over £100,000. Tickets cost £250 with dinner, £80 without (entry after 11 pm). Application forms are available from the Events Office, Tel 071-439-7438.

Patricia Morison

Oh, for that perfect stranger!

Antony Thorncroft talks to dealers at the Antiques Fair, Olympia

THERE ARE two more days to visit probably the biggest collection of beautiful and ugly, weird and boring, over-priced and under-appreciated, creative and mundane, unique and repetitive artifacts, annually assembled together under the banner of the Fine Art & Antiques Fair at London's Olympia.

There is a strange rumour around that this is the Fair for the refined middle class family which has reached that stage in life when it wants to buy a genuine 18th century table rather than a more expensive repro example from Harrods; that can afford to pour its tea from Regency silver and eat off early Wedgwood; that is happier decorating its walls with a Newlyn School painting and its garden with a 19th century bronze figure, and is aware that as well as buying items of better quality than modern goods it is also investing wisely.

A few thousand sensible punters do visit the Fair, but too few. This may be the largest top quality antique fair held in Europe but it is not the best publicised, and some of the 340 odd exhibitors were loudly complaining that they were making the effort, that their stalls had never looked better, but that the organisers were not doing their bit in promotion and encouragement. Talk of a rival fair in 1991 was rife.

This may be because business was not as brisk as in the past and antique dealers are notorious complainers, smiling quietly when things go well, moaning loudly if they have spent a boring day sitting at the stall making no sales. It is really impossible to judge the collective success of a Fair. The obvious conclusion that around a third of the exhibitors do really well; a third break even and make a small profit; while for a third find it a waste of time, is almost certainly true of this year's Olympia.

The first day was very good, but that is when the specialist dealers buy from the general dealers who have under-priced goods that they do not quite understand. For many this is the key activity of the event, sales generated by dealers who, by the mid point of the 11 days, have sold £50,000 worth of antiques and recovered their costs but who have also invested £20,000 in new stock. In addition, Olympia acts as the London outlet for numerous provincial dealers. It gives them an annual showcase to renew acquaintance with regular domestic private buyers and the overseas dealers, and it can account for a quarter or more of their annual turnover.

Typical would be David Dickinson, a Manchester furniture dealer. Last year he hit the jackpot and sold £250,000 worth of stock. This year things were quieter, with much hanging on his success in selling a £50,000 four poster bed, the subject of intense negotiations. But he still expects to sell 80 per cent of the items he brings down, to regular clients looking for a practical antique. Last Sunday he had transported a satinwood desk he had sold on Saturday to a house in Hampstead, and on the strength of the sale had invested heavily at Phillips' sale during the week, a classic example of the knock on effect of a transaction. Equally happy were Malcolm Frazer and David Bedale, two Cheshire dealers sharing a stand which combined furniture and paintings. Most of their clean, consistent, goods, carefully acquired during the year and earmarked for Olympia, go to the trade. They know their market, but then, occasionally, out of the blue that perfect stranger turns up, spends £50,000 and makes their year.

There were few of them around last week. A key stand, Guinevere Antiques, was feeling fed up. It had spent lavishly on its display, built around two tall, eye catching, sculpted French gasoliers of the late 19th century, priced at £100,000, but the anticipated buyers had not materialised. More sanguine was David Weston. He had sold a pair of globes for £12,000 and other items and just about covered his costs of £10,000. Now he was working for a profit.

Much depends on this weekend. There is everything on offer, from old shop signs to oriental screens; from Tibetan rugs to 18th century tall boys; from Tiffany clocks to paintings by Munnings; from 18th century billiard tables to Toby jugs, all within a price range of £20 to £100,000. And only the most hard nosed dealer would refuse a 10 per cent discount on the quoted price. Olympia is the Fair for the men and women who have made it; if they flaunted their wealth just a little more ostentatiously the antiques trade, which has had a bad year to date, would be grateful.

ARTS

Self-destructive passions

THE ACTORS Touring Company is a lively, resourceful, experimental team that put on plays from the past you are most unlikely to see done anywhere else. For the next few weeks they are at the Lyric Studio, Hammersmith with their production of *Phaedra* by the Russian poet and friend of Pasternak, Marina Ivanova Tsvetayeva. For anyone interested in the way tragic ritual may be sustained through an extreme use of gesture and voice, based on an unfamiliar text incorporating a familiar ancient story, this is well worth catching.

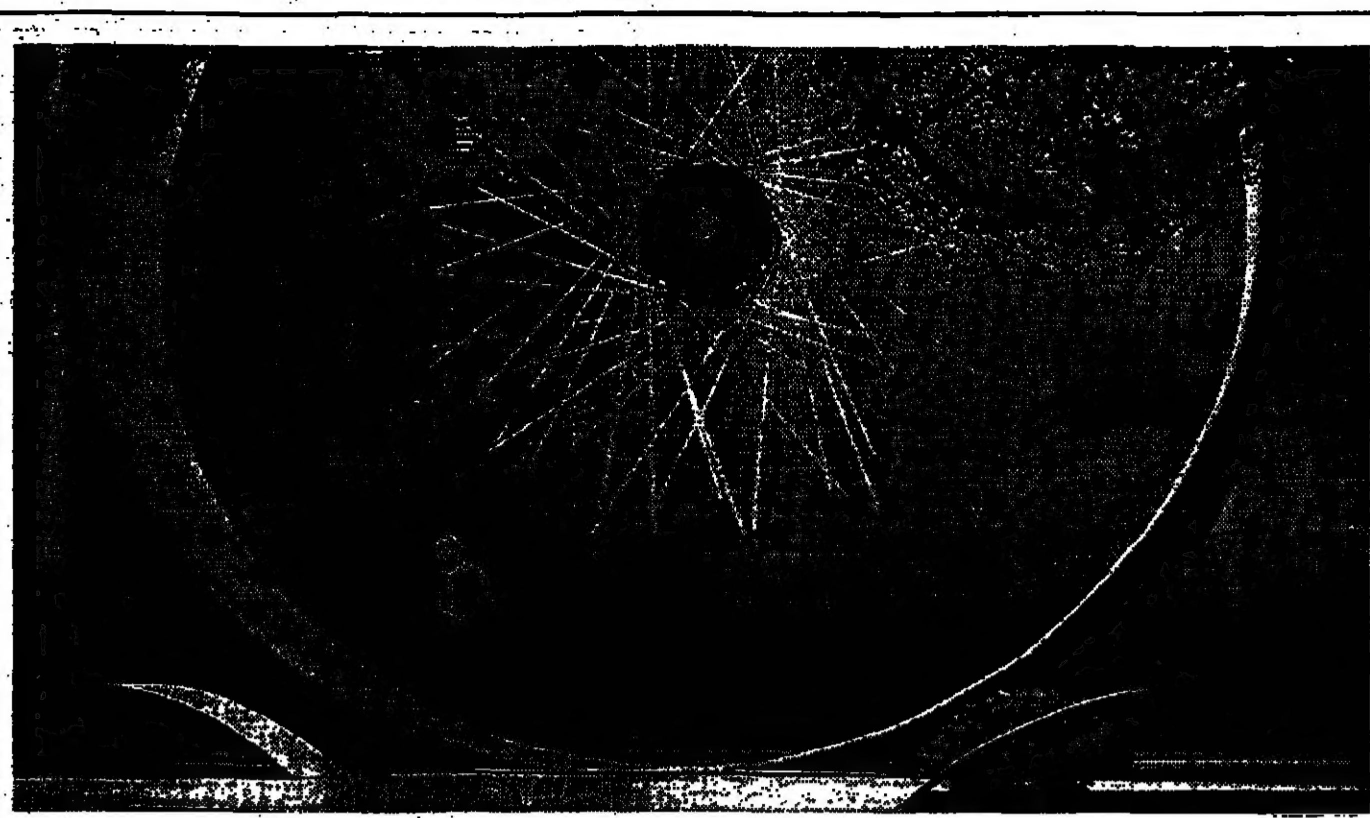
The designer, Richard Aylwin, has adorned the bare circular set with some trees whose leafless branches both contain the action and stress its timelessness. Perceived in semi-darkness from the time we enter, his sacred wood envelops us totally while the tragic queen (Mary Jo Randle), her Nurse (Dawn Keeler), her stepson Hippolytus (Simon Beresford) and husband king Theseus (Seamus Newham) go through the motions of their violent self-destructive passions.

Tsvetayeva ignores previous versions including Racine's in her attempt to recapture the mood of the Greek original. As a poet she was of the generation after Alexander Blok, sensitive to contemporary images and issues, but placing them in the wider context of Russian and her own personal history. Michael Glenny and Richard Crane, the translators, make a brave effort to give an impression of the allusive idiosyncratic richness of her style.

It comes through more accurately, perhaps, in the performances, directed by Ceri Sherlock, and costumes made by Sue Cousison, which modulate from ancient to modern, from *formal attire to near-nudity*, throughout. The chorus sequences are the noisiest and least effective in this production which draws on an arm-and leg-flinging body language derived from that 1920s guruess of natural movement, Margaret Morris. This at times teeters on the edge of a Joyce Grenfell parody. But none of this Dalcrozian extravaganza robs the big confrontations between the principals of their power; nor does it detract in the slightest from the terror we feel at the moment when Phaedra is forced by the Nurse to confess her passion. She does so here in a type-written message which the garrulous old Nurse delivers to the resplendently Apollonian Hippolytus. After he has spurned it, Phaedra is discovered hanging from a tree.

This climax tragically anticipated the author's suicide in 1941 after she had returned to Russia from exile Paris. Something of the spirit of Tsvetayeva herself, a proud, mysterious, by all accounts terrifying, woman, has been caught in Mary Jo Randle's performance as Phaedra. It would be worth a visit to *Hammersmith* merely to see this actress. Watch her using her face like a mirror with the sun on it, to dazzle and mesmerise the audience into complete stillness.

Anthony Curtis



Thomas Allen as The Forester in Bill Bryden's new production of Janácek's *The Cunning Little Vixen*

A triumph for the Vixen

Max Loppert spends a happy evening at Covent Garden

THE ROYAL Opera's new *Cunning Little Vixen* production closes on a beautiful image – forest-creatures and Forester joined hand in hand. Strictly speaking, it is not licensed by the text. (The libretto simply says, "Absent-mindedly the Forester lets his gun slip to the ground.") But it was justified by Thursday's performance, which trained its considerable theatrical zest and dexterity directly upon the central theme of Janácek's opera – the inextricable connection, unsentimental and organic, between man and nature.

In Simon Rattle's conducting, Bill Bryden's staging, William Dudley's designs, Robert Bryan's lighting, and Stuart Hopps's "control of animal movement," all closely unified, the theme is pointed up, all the way through, with light-fingered intelligence and abundant resources of simple magic. The experience is not just joyously entertaining but radiantly uplifting, and so the ending comes to seem the only possible one.

I find it hard to set down in print the feelings aroused by this opera without becoming impossibly misty-eyed and gooey – which the work itself never is, and which the production certainly never is. Many ways of re-creating Janácek's vision are possible; in Britain in the last two decades we have had Jonathan Miller's interestingly sober wooden-slatted stage-picture (at Glyndebourne in the mid-'70s) and David Pountney's uproarious scatter-cushion fantasy (shared between the various national companies throughout the '80s), each deepening in a special way our understanding of the work's splendour.

Now, at Covent Garden, with a stage ingeniously mechanised to whirr and whizz to the seasonal rhythms of nature and the heartbeat of the score equally, the intimacy of human and *animal worlds is the line* stressed, with a daring and hugely successful combination of wide-eyed charm and cultural sophistication.

The large spinning wheel at *stage back stands as an* emblem of the Renaissance "world-view" embedded in the design concept: man and animal linked in a pre-ordained hierarchy, with abstract-*pattern trees and sliding forest* props to add the appropriate picturesque detail. Yet this is itself often set hilariously askew, and so re-examined, by the mixture of modernist detail (dragonfly and butterfly in early-model flying machines, touches of 1920s zaniness in the animal masks and costumes) thrown over the production like bright-coloured confetti.

The Schoolmaster's puzzled phrase "Either I have a mobile centre of gravity or the earth is rotating from East to West!" seems to be the producer's motto, since the work's elatingly dotty dissolution of conventional boundaries and its profound inner sanity are so acutely conveyed on stage – as when, say, the wheel starts to revolve or the bottle-brush trees start to spin. The avoidance of cuteness in the animal behaviour is a blessed relief: moments of tough truthfulness are not shirked. An element of "naive" physical theatre – the Spirit of the Vixen flying on a trapeze, the wedding briefly occupying the whole theatre – binds the *show* and completes our pleasure.

This was the conductor's *house debut – a triumph*. He and Thomas Allen (the Forester) collaborated memorably on the 1977 Glyndebourne revival; the intervening years have brought both to complete mastery. Rattle's is not an abrasive, twig-snapping, thorn-scratching *Vixen* in the Mackerras manner: every part sings, every line flows. I must not suggest that his embrace of the Janácek *sound*-world is in any way soft or soppy, or that it lacks grandeur or dramatic pacing (the moment of silence after the shooting of the Vixen is extraordinarily charged), simply that the glow of reconciliation and universal harmony touches every corner of the score.

Mr Allen's mature stage personality, which *might* be thought to have grown too noble and civilised for the role, shows here its infinite chameleon variability. At the start he can be brusque, insensitive even, without seeming to "put it on," and he grades the characterisation to reach the glories of the opera's final pages, gloriously sung, with unobtrusive naturalness. The human world is altogether quite brilliantly depicted – Gwynne Howell (Parson/Badger) and Robert Tear (Schoolmaster/Teacher) have a foot in *both* worlds, and straddle the opera with faultless taste and style. Mr Tear's disappointed lover is heartbreaking, especially in counterpoint with Nicholas Folwell's carelessly vigorous, full-voiced Poacher.

Lillian Watson gives a delightful, physically zippy, vocally pungent account of the title role without, as yet, capturing the core of the opera as in their different ways Norma Burrowes and *Helen Field* have done. It needs to be scaled and projected a touch more forwardly (words particularly). The Fox (correctly female-cast, as are hens and cock) of that *admirable mezzo* Diana Montague seemed on Thursday uncharacteristically overawed by the high notes. No doubt these and other points will be addressed at the remaining performances; it must be noted that the first (a Midland Bank Prom) was one of the happiest evenings in the House in years, and that the use of an English translation and absence of surtitles were *surely* not unrelated to its communicative intensity.

Hot Fudge and Icecream

CARYL CHURHILL'S *Icecream* arrives at Mancester's *Contact* theatre by way of a Royal Court première, a winsome, disjointed piece which strings a series of scenes into a comedy about the perils of US-style ancestor hunting. That, of course, is not all there is to it and one looks to *Hot Fudge*, its 25-minute companion-piece receiving its première here, for clues as to its underlying purport.

Hot Fudge is an even slighter and more discrete scene series, which opens with a family of hoods sitting in their local discussing the advances in crime techniques. Dad was a bank robber in the good old days when cashiers stuck-em-up without quibble and a gun was a mere formality. "I don't like plastic," he tells his credit card-juggling daughter as she tries to persuade him to adopt her new-age strategies.

From this scene it emerges that Ruby, one of the clan admiringly credited as a good liar, is in love and in two minds as to whether to continue her criminal career. Subsequent scenes reveal Ruby's relationship with a gangly would-be yuppie, her lies sublimated in the stories of her exclusive travel agency. In a final encounter of scorching desolation it emerges that he too is lying – that both are lonely inadequates.

Hot Fudge, then, is about redundancy, concealed identity and criminalisation by a society which is revealed through snatches of cocktail circuit chatter. *Icecream*, too, features crime – two murders committed with breathtaking casualness by the rediscovered English relatives of American tourists Vera and Lance. A landlord is shot; a libidinous university professor is pushed over a cliff. Both are entrenched members of "the Establishment" but neither corpse is – to our knowledge – discovered.

The murders – like the pilfering of the earlier play – belong to a moral no-man's land outside the terms and references of contemporary society in a way that is incomprehensible to the suburban Americans, who react first with terror, then with cliché, and finally by metamorphosing it into an adventure story to be recounted to admiring friends.

Suddenly one realises that Churchill has come up with an elliptical equivalent to Gregory Motton's nightmare vision of an unassimilible underbelly of society. But where Motton (*Ambulance*, *Downfall*) fights with the bludgeon, Churchill chooses the rapier. It is all deceptively civilised, deceptively superficial – a quality emphasised in direction by James Macdonald which is cool, contained, and acted with a steel-edged precision.

Anna Savva, an actress who is maturing nicely, gives full rein to a voice which ranges from Ruby's quiet inadequacy to the crackle of a cosy old Southern States ma. Pearce Quigley and Sharon Muircroft, dangerously mercurial, are the antithesis to the ingenuous openness of Gillian Hanna's and Chris Hunter's Americans. The versatile Roger Frost weaves a social environment around them. All are scrupulously muted as befits a couple of plays which, quite deliberately, choose to tackle a major theme in a minor key.

Claire Armitstead

Plowright solo

TEN YEARS have passed since Rosalind Plowright enjoyed her first major successes in this country. In the intervening years she has sung roles many and varied in numerous cities of the world, buffeted by the fortunes of international opera without ever really finding a home port where she can nurse and further her art in peace.

As her last couple of appearances at Covent Garden have been scuppered by the producers, it was a good opportunity to catch her on Thursday night in a solo operatic concert at the Barbican, where the voice could set the scene for itself. For this Plowright's soprano is well suited, as it is fabulously well furnished with shadings and colours, a voluminous voice that can stir itself to grand opera heights, when it is at full throttle.

Nonetheless, the first half made a slow start. "Tu che invoco" from Spontini's *La Vestale* was negotiated with care and left the feeling that nerves were restricting both voice and involvement. There was more intensity in the prison scene from Boito's *Mefistofele* thanks to some dark and oppressive tone colours; but in neither case did Plowright give the impression that she was inside the music.

After the interval the Willow Song and Ave Maria from *Otello* gave us some beautiful Verdi singing. This singer has some marvellously luminous sounds at her disposal when she is singing quietly. Then, finally, the closing scene from Bellini's *Il pirata*, accomplished, large-scale singing that won qualified enthusiasm in a way that sums up the whole event: if only Plowright did not seem to be working so hard at the music, rather than commanding a role as if it is hers by right.

In all the operatic extracts the London Symphony Orchestra under Kent Nagano offered tentative accompaniments; the rest of the evening was made up with Respighi's *Trittico Botticelliano* and the *Chant du rossignol* by Stravinsky.

Richard Fairman

Radio

Down in Hardy country

LAST SATURDAY was the 150th anniversary of Thomas Hardy's birth, and this week the BBC has recalled it without using anything too familiar, apart from the Friday afternoon six-week serialisation of *Far from the Madding Crowd*, which ended yesterday, and very pleasant it was.

Even Radio 2 joined in, with a Saturday programme, *The Sweetness of a Man of Strings* (a Hardy quotation, of course). This was an enjoyable hour in which Jill Balcon, whose late husband C. Day-Lewis is buried alongside Hardy in Stinsford churchyard, spoke about the poet's life. The Yetties, sweet men of strings, played folk music, some of it from Hardy's manuscripts on the *Hardy family's own instruments*, and there were readings from Hardy's work.

Radio 4 gave adaptations by Colin Haydn Evans of three Wessex Tales. On Tuesday, The Fiddler of the Reels – worthy Ned (Stephen Tomlin) was refused by Caroline (Janet Dale), who is after a livelier life. Liveliness brings babies, in this case from Watt, the eponymous fiddler (Struan Redger) – his music was played by Dave Swarbrick with some alien jazz touches – so Caroline changed her mind and joined Ned in London. Back they came to Wessex – and the next time Caroline heard that old fiddle, back she went to the fiddler.

On Wednesday, The Melancholy Hussar, nearer to pure romance. Phyllis (Moir Leslie) is affianced to Humphrey (Andrew Wincott), but Humphrey stays away on business so long that Phyllis has an affair with Matthaus (Neal Foster) from the German cavalry in camp near by. They plan to go away together; then at the crucial moment, Matthaus is arrested for desertion (a capital *offence then) and Humphrey* reveals that he is married.

Best of the three was *The Withered Arm* on Wednesday, a real horror story. Rhoda (Janet McTeer) lives with her bastard son Jack, hoping that *his* father Thomas (Graham Padden) will do the right thing by them. She has terrible dreams, of a mysterious lady who haunts her but never shows her face. *Unwilling to bear it* any longer, she curses her nightly visitor. She has to direct her curse at her arm, wishing her "an arm as cracked as your soul" – and *only then sees the ghostly face*, an unexpectedly young face.

Thomas has married young Gertrude (Kathryn Hurbutt), and Rhoda discovers that this is the haunting lady. The curse was an *effective* one; Gertrude's arm is disfigured and, worse, grows a mark like a witch-mark. Gertrude visits Rhoda, to bring boots for Jack, and intimacy develops. But when, after some years, Gertrude asks for help to cure her arm, all Rhoda can offer is a visit to the wise man, Conjurer Trendle (Roger Hume); and Conjuror Trendle's proposal is terrible. Gertrude must touch with her arm the neck of a hanged man.

The hangman (Bill Wallis) agrees, at a price, that Gertrude may attend a hanging and touch the body. As she *does so, who should come in* but Thomas and Rhoda. The victim is their Jack, 19 years old, hanged for firing a hayrick. Gertrude, appalled, dies.

Evans's adaptations retain *as much as possible of Hardy's* own writing, and the productions by Nigel Bryant never try to suggest any period but those that Hardy intended. These comparatively unfamiliar tales *provoke a fresh interest* in Hardy.

So may the *Book at Bedtime*, a novel I had not heard of, not mentioned in the Oxford Companion. It is called *An Indiscretion in the Life of an Heiress*, an early work about the love of a village schoolmaster and the mistress of the Manor. What I heard was full of the romantic clichés of the time, but a pleasant enough tale, pleasantly read by Richard Pasco.

For those who failed to support Pat Eddery on Quest For Fame on Wednesday, Radio 3 gave us Lester Piggott winning the 1977 Derby on The Minstrel – a sub-plot in Howard Brenton's *Epsom Downs*, his wonderfully entertaining picture of Derby Day in Jubilee Year. It was splendidly done under the direction of Richard Wortley.

B.A. Young

Records

'Tell' live from La Scala

WITH A new *Guillaume Tell* on the way at Covent Garden there is a welcome for the Philips *Guglielmo Tell* recorded live, in Italian, at La Scala under Riccardo Muti (4 CDs, 422 391-2). In view of the length *and difficulties involved*, a live *Tell* may seem a reckless sort of enterprise. This one works pretty well. A perfect cast for *Tell* in the opera house is a dream. Chez Philips, with one *important exception*, the women outclass the men. The exception is the Arnold Melchtal of Chris Merritt, of today's tenors the one who most notably combines heroic *timbre with agility and style*. Merritt's great virtues are amply shown here, but I hope he will be given the opportunity of recording *Tell* in the studio. The role of Arnold is *notoriously exhausting*: surely in less strenuous circumstances Merritt's voice wouldn't whiten in the second act trio. The baritone Giorgio Zancanaro presents Tell as a polished, courtly-sounding gentleman. A burlier approach is needed for this rustic hero – something that in their own ways both Milnes and Bacquier provide in earlier complete recordings.

Cheryl Studer's Mathilde is exciting and encouraging. She makes a character out of this improbable Hapsburg princess unsuitably but finally helpfully in love with *Arnold. Not so much in the well-known* "Sombre forêt," where Muti goes unaccountably droopy, but in the energetic act three aria and in Mathilde's important contributions to the last act. Studer *has strong support from* Amelia Felle as Tell's young son Jeremy and from the noble-voiced Luciana D'Intino as his wife, Edwige. No live recording is likely to deal satisfactorily with this *opera's complex* choral ensembles. There are jumbly moments here, but the Scala chorus deliver their splendid music with vigour. The orchestra is fiery. A pity the balance allows *the* pizzicatos which Rossini used so skilfully to aerate the textures to plonk. Again – one wants a studio recording under Muti.

The revised edition of the score made for the Fondazione Rossini at Pesaro and Ricordi Milan by M. Elizabeth C. Bartlet is used. This incorporates changes made by Rossini during final rehearsals and early performances in Paris in 1829. Since the publisher had jumped the gun and started to engrave the score, the changes remained obscure until now. As they include such things as *a refashioning of the choral* dances in act 3, they matter.

The first of Gluck's French operas, *Iphigénie en Aulide*, is now probably less well known than its successor *Iphigénie en Tauride*. *For people of my generation* there hangs about *Aulis*, quite unfairly, a deadening aura of classroom classicism. A pity, since as this typically vital recording with John *Eliot Gardiner conducting the* Monteverdi Choir and the Lyon Opera Orchestra reminds us, the earlier *Iphigénie* is a swift, compelling drama, deeply human in spite of divine interference. The *performance*, following his *Tauride* and Orphée further increases our debt to this conductor (Erato Musifrance 2292 45008-2, 2 CDs).

"Gluck's opera *lives*" wrote Alfred Einstein, "by the delineation of states of mind set in sharp opposition." The principal characters – Iphigenia, her distraught mother Clytemnestra, her suitor Achilles and her royal father Agamemnon, the last-named torn between patriotic duty and filial affection, are skilfully balanced. Gardiner has chosen an excellent cast. Lynne Dawson surely captures the heroine's youth, innocent perplexity maturing into selfless courage. Anne-Sofie von Otter's, patrician, intense delivery of Clytemnestra's music is wholly convincing *as, to me, her Orpheus just* failed to be. John Aler proudly masters the high tenor part of Achilles. The admirable Agamemnon is José van Dam, once again showing how to colour *perfect emission with strong* emotion without disturbing his line. Agamemnon's monologue at the end of act two is, rightly, the opera's climax. Excellent recording. No synopsis: fuller *provision of stage direction in* the libretto would have helped. The editing of the booklets is not the strong point of the Musifrance series.

The French have become aware that in Françoise Pollet they have a fine dramatic soprano – a successor, for what such a statement is worth, to Régine Crespin. Pollet's remarkable solo disc "Opéra français" (Erato Musifrance 2292-45 025-2) is well chosen and well sung. All excerpts come from the 19th century repertory. They include two big French operas by non-French composers – Rossini's *Tell* and Verdi's *Carlos*, also two works recently restored by the gramophone to prominence – Halevy's *La Juive* and Reyer's *Sigurd*. Pollet's voice is ample, full-bodied, sympathetic. It doesn't glow with individuality like Crespin, neither is it impersonal. There is a reserve, admirably suited for example to Queen Catherine's *dignified, moving lament from* the Saint-Saëns *Henry VIII*, a role Pollet sang in the recent Radio 3 broadcast.

That reserve will in time surely accommodate more intense verbal expression. The repeated "Ah!" at the beginning *of Dido's farewell in Les Troyens* can be more lacerating: queenly dignity doesn't make quite enough room for womanly passion. In "Pleurez, mes yeux" from Massenet's *Le Cid, a lovely aria which tempts* some sopranos over the top, that same dignity is a gain. In an excerpt from Massenet's *Sapho*, Pollet relishes the teasing line which must so snugly *have fitted the style of the first* Sapho, Emma Calvé. But is she a little too grand? Excellent accompaniments from the Montpellier Philharmonic under Cyril Diederich.

Crespin herself is to be heard in the CD reissue of the 1965 highlights from *Les Troyens*, with Georges Prêtre conducting the orchestra and chorus of the Paris Opéra (EMI CDM 7 63480 2). The grandeur and passionate declamation of Crespin's Cassandra are unlikely to be surpassed in our day. She is impressive too in Dido's farewell. In the wonderful sequence of quintet, septet and love duet one misses oriental languor – this royal lady would surely have said to her fate-torn lover "To hell with Italy!" The Aeneas of Guy *Chauvet is likeable* and, in *his* big aria, estimable. The chorus women's tone gives a rare plangency to the wailings in *Troy*; the timbre of the (presumably) saxhorns in the "Chasse royale" is strange to our ears. Worth snapping up in spite of barbarous cuts.

Ronald Crichton

Chess No. 825:
1 e1=B, 2 d1=R, 3 Kd2, 4 c1=N and now White mates by Rh2.

SPORT

World Cup soccer

The underdog's chance to have its day

Peter Berlin looks at the teams that may surprise in Italy

LAST NIGHT in Milan the World Cup phony war ended with fireworks – which Italians detonate to mark the start of any serious soccer hostilities. As is traditional the curtain-raiser involved the defending champions, Argentina. For the first time the champions shared the stage with a team from Africa, Cameroon.

By Tuesday evening all 24 teams will have been in action. They have been locked away in training camps for two weeks, besieged by those most untrustworthy allies, their national media. They have been allowed out only for manoeuvres: strange friendly matches which serve to confuse the form lines.

The first matches will come as relief not only to the players but also to the media's representatives, who have been driving themselves and each other crazy in the pursuit of stories and predictions. It had got so desperate by the beginning of this week that I did not have time to collect my press pass at the International Press centre in Rome before I was ambushed by a journalist from one of Italy's daily sports prints and incorporated into the latest meaningless survey of international expert opinion.

The first burst of games may offer some clues on who will win the World Cup. But to focus purely on identifying the victor is to ignore the peculiar character of the first round, which stretches over 14 days and 36 matches in order to eliminate just eight of the 24 contestants. There will be plenty of time to dwell on winners later. The next two weeks offer the underdogs, such as Cameroon, their chance to shine.

The modern World Cup is the creation of Jaõa Havelange, who has been president of Fifa, world soccer's governing body, since 1974. When he upped the number of finalists from 16 to 24, the aim was to lift television revenues by increasing the number of teams and matches, to broaden the appeal of the competition to sponsors and advertisers, and to repay his political debt to soccer's developing nations, which had helped vote him into office.

From a commercial point of view the change has been a success. Fifa now boasts an impressive slate of corporate sponsors, including Coca Cola, which heavily underwrites its youth programme. Mars – "official suppliers of snack food to the World Cup" – deliriously predicts a vast worldwide television audience with greatly increased viewers in Asia and Africa.

On the political side the strategy has clearly worked. Havelange, now 74, was unopposed in Fifa's presidential election in Rome on Wednesday. Furthermore, Havelange's children, the teams from outside South America and Europe, who enjoy increased access to the finals, have not let him down on the field of play. Their play and attitude have offered a refreshing change from the rigorous orthodoxy and cynical "professionalism" of some of the European and South American sides and it has won them matches as well as friends. They have introduced elements of the exotic and the unpredictable.

In Spain in 1982, in the first 24-team tournament, Honduras opened with a record 10-1 loss to Hungary but, the same night, Cameroon drew with Peru and the next day Algeria beat West Germany. In Mexico, Morocco beat Portugal and drew with Poland and England to win their group.

The peculiar format of the first round increases the chances of one the unfancied nations sneaking into the last 16. The top two teams in each group qualify for the second round and the four remaining places go to the four third-place teams with most points. As Uruguay demonstrated four years ago, two points and a reasonable goal difference could see a team through.

Two points! Just two draws and a narrow loss or one high-scoring win. In some of the tougher groups the top teams will have set themselves a target of three points. If they can avoid defeat they can make it through to the next round and then, who knows? In 1982, Italy drew all three of their group matches, pipped Cameroon on goal difference and went on to win the cup.

The three underdogs with the best pedigrees are the two African sides and South Korea. The United Arab Emirates and Costa Rica both signalled their unease by firing the coaches who led them into the finals for the first time. Still, Costa Rica open with a match against a weak Scottish team haunted by failure in previous World Cups. Costa Rica might not be very good but the Scots, as they showed when they lost 3-1 in Glasgow against Egypt last month, are more than capable of beating themselves.

The ill-considered teams will thrive against teams undermined by fear of failure. South Korea's chance may lie in the very toughness, in every sense, of Group E. It contains Uruguay, Belgium and Spain, three hard-edged, well-drilled teams who know they have the ability to do well. Ten of the Uruguayans, including almost all their stars, play in Europe.

The three teams know each other well. They know nothing about South Korea except that in Mexico the Koreans drew with Bulgaria and scared the Italians before losing 3-2. The three favoured teams will almost certainly adopt a policy of caution. But one slip, one piece of outrageous skill, and the Koreans could have the points they need.

Cameroon, who drew all their games in Spain, face a puzzling group. The best Argentinian side, says coach Carlos Bilardo, is Diego Maradona and 10 others. But rumours have been emerging from the Argentinian camp that he is not fit. Is it a bluff? Some pundits argue that events in Eastern Europe will undermine the form of the USSR and the Romanians, others that they will be invigorated by the political changes. Such speculation reveals more about the mental state of the press corps than about that of the two teams. Both have abundant talent but have long records of under-achievement.

Undoubtedly the team Fifa and its sponsors would most like to see advance is the US. The US has no professional soccer league but will host the World Cup in 1994. Success in Italy may help stoke up interest back home. The team's presence in Italy is a happy side-effect of Fifa's ferocious decision to ban Mexico, perennial winners of the north and central American qualifying group, from international football for fielding over-age players in a youth tournament. The US duly qualified from that group, finishing second to Costa Rica.

The US team is a curiosity. With a couple of exceptions it is made up of college players brought up in a soccer vacuum but with access to the best sports facilities in the world. The result is a well-disciplined squad of first-rate athletes painfully aware that they are not soccer literate and terrified of taking the risk of expressing themselves. They will not score many goals but may earn a couple of goalless draws in a group which has Italy, traditionally nervous starters, plus Czechoslovakia and Austria, two teams short of top quality.

The Egyptian squad has spent the last six months playing and training together while their Irish, English and Dutch adversaries have slogged through long, hard seasons with their club sides. It is difficult to see the Dutch slipping up against Egypt, even if they rest their towering leader, Ruud Gullit, who is recuperating from a long injury. Perhaps the Egyptians' second match against the Republic of Ireland in Palermo, the most southerly World Cup city, will provide their chance. The match kicks off in the afternoon and if the weather is hot, the Irish, whose style is based on non-stop running, may exhaust themselves. But the Irish, who have cast themselves in the role of underdogs, do not have the psychological demeanour of a team who will lose their nerve.

The English do. They have a talented and experienced squad but two years ago in the European championships – and for a while in Mexico – they fell to pieces when things went wrong. Group F is the last to finish. By the time England and Egypt kick off in Cagliari they will know exactly how the other five groups have finished and what they must do.

If England are already assured of a place in the second round they may field reserves, knowing that if Egypt advance it will be at the expense of a more feared rivals. If things have gone badly for the English, anything could happen. Perhaps the underdog that barks last will bark longest.

Colombian goalkeeper Rene Higuita is put through his paces by his trainer

Tennis

Seles rewrites the textbooks

WHATEVER THE outcome of today's French Open final, between world champion Steffi Graf and 16-year-old Yugoslav Monica Seles, the first and second seeds, almost everyone agrees that we are on the threshold of a new age in women's tennis.

Only a year ago, even though Graf had struggled to beat the grunting schoolgirl 6-3 3-6 6-3 in the semi-final here and had then lost in the final to Arantxa Sanchez, we were all saying that the Graf era would probably stretch into the limitless distance. The West German duly went on to win her second Wimbledon and US Open titles and last January added, albeit shakily, a third Australian crown to her trophy bag.

The flailing Graf forehand, hit early and true with a very fast, late swing that is entirely natural, had set new standards of aggression. With a reliable sliced backhand, a first-class serve, adequate volleys and abundant athletic ability the 20-year-old West German had exposed the limitations both of Chris Evert's baseline accuracy and Martina Navratilova's serve-volley technique that had dominated women's tennis for the past 16 years. A really big shot, it seemed, could blow away the traditionalists of both persuasions.

Now Seles has rewritten the coaching manuals by showing what is possible when a player uses two hands to hit both forehands and backhands. Disguise, control and pace, the three advantages that accrue to the double-barrelled brigade, are available on both sides. This is a confusing and daunting situation for all opponents because no-one before has attempted to play this way.

The accepted method of countering the advantages of the double-handed shot is to expose the limitations of reach on that side. By slicing the serve short and wide in the first court to a left-hander with a double-handed backhand like Jimmy Connors, the whole court is exposed for a punishing shot to the forehand. Similarly a short, sliced crosscourt drive during a rally achieves the same objective. Arthur Ashe used the tactic brilliantly to beat Connors in the 1975 Wimbledon final. That was as clever a change of natural style as I have ever seen a player adopt.

Often, of course, Connors proved that a player with fast reflexes who could read the enemy's intention early enough, could get to the ball in time to make a telling reply down the line. But even then lack of reach was always the great American's achilles heel.

Seles has now blown theory apart. A frail child who started to play at the age of nine under the tutelage of her cartoonist father, Karoly, she grew up using two hands on both sides simply because the racket was too heavy. Seeing how well she struck the ball, Karoly sensibly left her alone. So did Nick Bollettieri, the Florida coach who virtually adopted the family when Monica was 13.

He encouraged her to take up a position virtually on the baseline and meet the ball on the rise, often with counter-hitting half-volleys. Only because this remarkable youngster has developed an acute sense of touch in controlling the angle of the racket face has she succeeded in hitting the ball early and hard without losing control of the trajectory.

On Thursday, her 6-2 6-2 victory in 62 minutes over the 14-year-old American prodigy, Jennifer Capriati, was a splendid example of a natural competitor imposing her will on a gifted but immature match player. This first meeting between the two girls who seem certain to supplant Graf in due course was an exercise in controlled power. It clearly pointed the direction in which the game will develop.

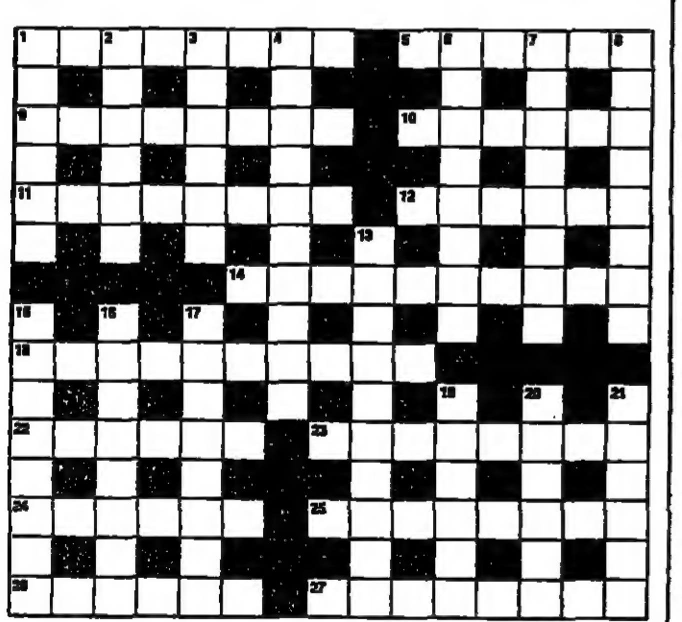
Seles, whose recent victory over Graf in Berlin ended the world champion's match-winning streak at 66, has now won her last 31 matches. In most observers' eyes she is now the logical favourite to win again today in her first Grand Slam final against an opponent who, for all her brave protestations of confidence by virtue of her career advantage of three wins to one loss, may actually be scared to death of her.

John Barrett

CROSSWORD

No. 7,259 Set by DINMUTZ

Prizes of £10 each for the first five correct solutions opened. Solutions to be received by Wednesday June 20, marked Crossword 7,259 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday June 23.



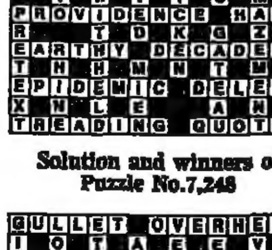
ACROSS

1 Device which assisted the take-off of Wellingtons, we hear (4-4)
5 Opening for every one on the railways (6)
9 Nothing special in herald's bend (8)
10 Distress on a vessel in attack (6)
11 Rough kiss bound to be the fall of winter sportsmen (3-5)
12 Advocate of half-day closing (6)
14 Competence of Lancelot Brown in the garden? (10)
18 Groups leading attack press ahead, violently (10)
22 Yellow wood test (6)
23 Bearing of Victoria, for example (8)
24 Double time is cheap in America (3-3)
25 Stick fixed in angle of flight (5-3)
26 Sea-cow excavated on Garsdale Head (6)
27 Like Germans, sort of square and turned out nice (8)

DOWN

1 Windy about society, being sluttish (6)
2 Lay down in road, perhaps (6)
3 Reserve Kipling's book (6)
4 Dealer who is sometimes sharp (4-6)
6 Check sappers wrench (8)
7 Speculative fellow? (8)
8 Making hay in lidos, for example? (8)
13 Keep on the beach (4-6)
15 Miscellaneous trade's so slack (8)
16 Helter-skelter for the dolichocephalic? (8)
17 Production of Haydn's oratorio (8)
19 Constable or sergeant, you might say (6)
20 The buck stops here! (6)
21 US 23 found in another dictionary (6)

Solution to Puzzle No.7,258



Solution and winners of Puzzle No.7,248

Owen Clarke, Amesbury, Wiltshire; Mrs M.E. Hollocks, Norwich; Nancy Macleod, York; R. Pettit, Yerwood, Dorset; A.S. Woodhams, Harpenden, Herts.

TELEVISION & RADIO

SATURDAY

BBC1

BBC2

LONDON

MP Tony Benn presents *Burning Embers* C4, 11.45

CHANNEL 4

S4C WALES

ANGLIA

BORDER

CENTRAL

CHANNEL

GRAMPIAN

GRANADA

HTV

SCOTTISH

TVS

TYNE TEES

ULSTER

YORKSHIRE

12.00 am ITN News Headlines followed by Off the Ball.

RADIO

RADIO 2

RADIO 3

RADIO 4

SUNDAY

BBC1

CHANNEL 4

BBC2

S4C WALES

LONDON

ANGLIA

BORDER

CENTRAL

CHANNEL

GRAMPIAN

GRANADA

HTV

SCOTTISH

Griff Rhys Jones unveils a treasure house, C4, 9.15

TVS

TYNE TEES

ULSTER

YORKSHIRE

RADIO

RADIO 2

RADIO 3

RADIO 4